



## IT survey

# Survey results

**T**he *Charity Finance voluntary sector IT survey 2005* includes responses from 374 organisations. Chart 3 shows information for 'typical charities' by IT budget size. The number of charities where the ceo has overall responsibility for IT has increased from 27 per cent last year to 30 per cent. Half of respondents said that the ceo was closely involved in decision making, although among smaller charities this was understandably higher (see charts 4 and 5). Tate attributes the real progress being made in the sector on thinking about IT strategically to increased chief executive involvement.

However, there is still a need to encourage more ceos to be involved. He says that ceos need to understand the benefits of IT. 'Part of it is fear. A lot of ceos spend time on outward facing issues but they have to look internally'

Pritchard says that there is a crucial difference between decision-making and involvement. 'Most ceos are asked to make strategic decisions about IT but very few are actually involved in the planning that leads up to that. IT heads need to get into dialogue with their ceos early enough to be talking about the

potential benefits of new systems rather than their likely costs.'

Rad feels that ceos want to see global examples of the technology in action as well as detailed planning and accountability of how robust and sophisticated technology solutions will facilitate their own vision of the future of the charity.

Trouth claims that ProTech's belief and methodology is rigid in this area. 'If a project is not sponsored from the highest level of office in an organisation it is doomed to fail from day one. Encouragement is not really a question for us, it is a mandate prior to contract.'

David Clayden, director of strategic information at the Salvation Army and chair of the Charities' Consortium IT Directors' Group thinks there is a need for a common language between business executives and service/support functions like IT. He also identifies a need to invite ceos to play a larger part in IT related project boards, where the outcome is critical to organisational success.

A striking finding of previous IT surveys has been the sheer number of different software packages used by

respondents. This year is no different with 49 accounting ones identified, and 39 fundraising and 58 membership solutions respectively. The leading suppliers (see charts 8, 9 and 10) are little changed from last year with Sage still by some distance the leading accounting solution used by 42 per cent of charities compared to 44 per cent in 2004. Microsoft's Access database product is the most popular membership package, used by 20 per cent of charities, down slightly on the quarter of respondents who used it last year. Raiser's Edge is the most prevalent fundraising package, used by 28 per cent of respondents, unchanged from last year

There are reasonably high satisfaction levels with software solutions (see charts 11,12 and 13) with 87 per cent of charities saying they would recommend their accounting package, compared to 70 per cent for membership and 69 per cent for fundraising. However, despite this the hope has always been that consolidation of suppliers, especially in the accounting field, would bring benefits to charities who have sometimes struggled with packages not

Chart 3: Typical charity by size of IT budget

SIZE OF IT BUDGET	NO. IN SAMPLE	OVERALL RESPONSIBILITY FOR IT?	DEDICATED IT DEPARTMENT?	TYPICAL NO. OF STAFF IN IT DEPARTMENT	NO. OF COMPUTERS	TYPICAL AGE OF COMPUTERS	NO. OF STAFF	AVERAGE INCOME (£)
<£5,000	127	CEO	No	0.9	0-10	1-2	11-25	713,856
£5-£15,000	100	CEO	No	1	11-25	2-3	26-50	2,697,242
£15-£50,000	63	FD	Yes	1.7	26-50	2-3	51-100	4,680,031
£50-£100,000	25	FD	Yes	2.4	51-100	2-3	101-250	8,104,220
£100-£200,000	23	FD	Yes	3.0	51-100	2-3	101-250	15,652,768
£250-£500,000	13	FD	Yes	5.5	101-250	1-2	251-500	20,215,385
£500,000-£1 million	7	FD	Yes	9.1	101-250	2-3	251-500	39,342,857
£1-£5 million	11	FD	Yes	24.2	1000+	1-2	501-1000	54,863,636
>£5 million	3	IT director	Yes	61.0	501-1000	1-2	501-1000	62,152,000



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designed specifically for their needs.

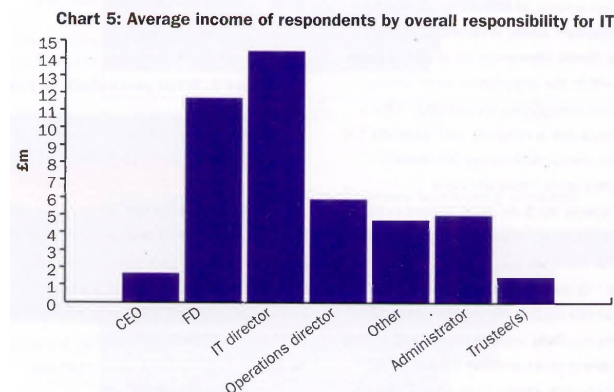
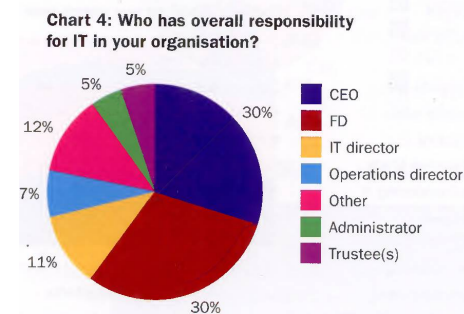
Loukianos thinks that recent and further market consolidation in accounting software suppliers as well as Microsoft's presence on the scene and the fact that technology has moved on means that accounting products are becoming far more user-led and able to deliver far greater levels of organisational improvements.

'No longer a mere statutory reporting tool, finance systems allow organisations to pull information from multiple database sources into reports, cost effectively and without requiring expensive IT overheads, allowing smaller charities to enjoy improved information visibility.'

Tate is less optimistic. He has long been in favour of consolidation but has been dispirited by some recent acquisitions. 'The firms are not integrating product sets and user bases. Software vendors think they will lose clients if they are force them change.'

Pierce says that while there has been consolidation among resellers (dealers) of accounting software, for the sector to 'really benefit you need the software authors to concentrate developments in their products to the needs of the sector. 'We believe more resellers will be consolidated/absorbed. Personally, I think more suppliers provide more benefits for the sector through competition.'

Pritchard comments that on the whole, the sector has been poorly served by accounting software suppliers, particularly at the budget end of the market. 'Charities have special needs and the hope would be that fewer suppliers will mean more research and development effort into producing better packages. But the commercial



reality is that it probably won't. In practice, fewer suppliers is likely to mean less choice and more focus on the lowest common denominators. Nevertheless, if that does happen, then all will not be lost. The market is resilient and niche suppliers will always emerge.'

Trouth says that consolidation goes far wider than just accounting software suppliers and that the fact several of the smaller players have recently been the subject of takeovers is a pattern that will continue to emerge leaving only a few long standing players left to

service the sector.

'This trend offers both benefits and issues. On the positive front the remaining suppliers will be the financially stronger organisations who have the bandwidth to supply end to end services and invest in future product developments. On the negative side this will limit the selection available to prospective purchasers and create confusion to existing clients where their newly created supplier now has several diverse products all purporting to offer a similar solution. Concerns will also be raised as to



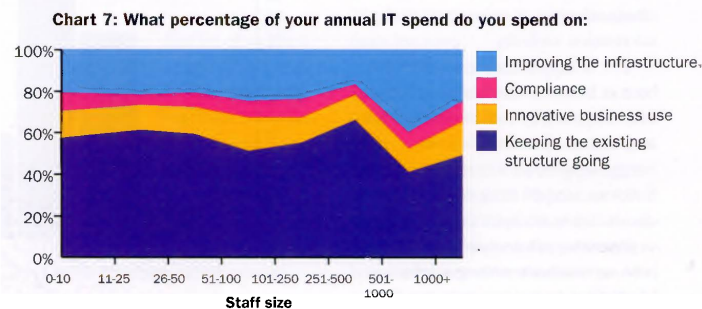
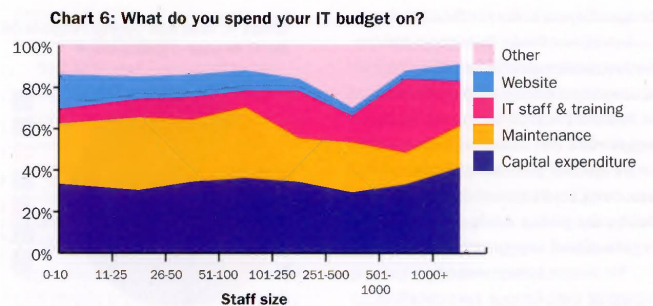
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whether some of these merged offerings will be supported in the longer term.'

Open source does not appear to have made any headway since last year's survey with 6 per cent of respondents using it (unchanged from last year), and 7 per cent considering it (down from 8 per cent last year).

Speaking at NCVO's IT conference recently Ed Downs, research manager of National Computing Centre, outlined the main arguments in favour of open source as reducing software and upgrade costs, reliability, security, and control. However, he also warned that while the arguments were strong, they are sometimes overstated. 'Open source is not a religion, and shouldn't just be about destroying Microsoft.'

Loukianos feels that new technology such as open source is best adopted by larger corporates who have got the internal resources to take the strain. 'It's not about charities being too conservative, but their focus is on managing their organisations and delivering greater value to their beneficiaries, rather than exploring bright ideas to leverage competitive advantage. Charities need to wait for new technologies such as open source

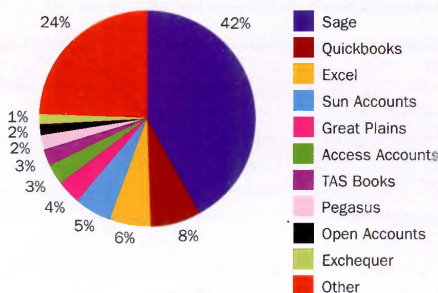


to become more mainstream, and hence more stable, more affordable and more readily integrated with their core

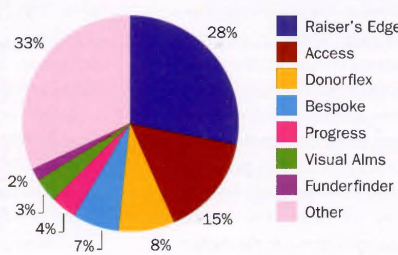
finance systems and CRM systems, before they invest.'

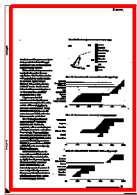
Pierce comments: 'We are seeing no

**Chart 8: Accounting software by number of users**



**Chart 9: Fundraising software by number of users**





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sizeable demand for open source. By far the largest platform is the Microsoft environment, users are familiar with it, support is readily available.'

Pritchard thinks that open source is a hugely attractive option for many organisations. 'But the risks are real as well, particularly for smaller charities.

On the whole, support for open systems is still specialist and patchy and it will be more than 12 months before the infrastructure is in place to convince more than a handful of charities that open is safe.'

Clayden argues that that technicians are already using open source more than organisations realise, and this will increasingly show in back office implementations. 'Going front office with open source is still seen as brave, and I think we're wise to be conservative at this time.'

Other findings from this year's survey include that 145 different consultants were identified by respondents, with no one standing out as being dominant in the market place. Encouragingly, 84 per cent felt they were good value for money, while the sums being spent vary. Over two thirds spent under £10,000, 1 per cent over £100,000, 8 per cent between £10,000 and £25,000, and 5 per cent between £25,000 and £100,000.

Remote access to networks for home workers or staff in branches is available in 46 per cent of charities, up slightly from 44 per cent last year. More encouragingly, the primary source of communication with trustees is by paper in 61 per cent of cases. Last year this figure was over 75 per cent, so clearly there has been a significant increase in the number of trustees engaging with email.

Chart 10: Membership software by number of users

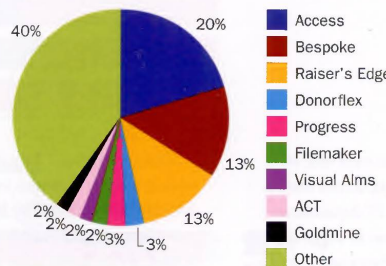


Chart 11: Users who would recommend accountancy package

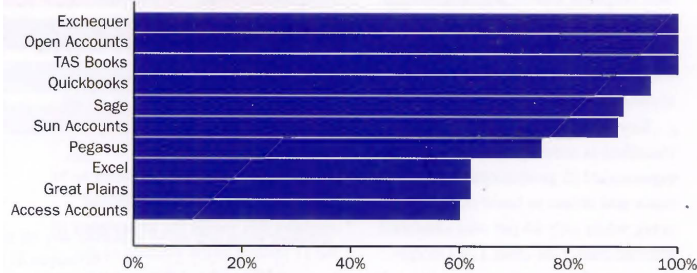


Chart 12: Users who would recommend fundraising package

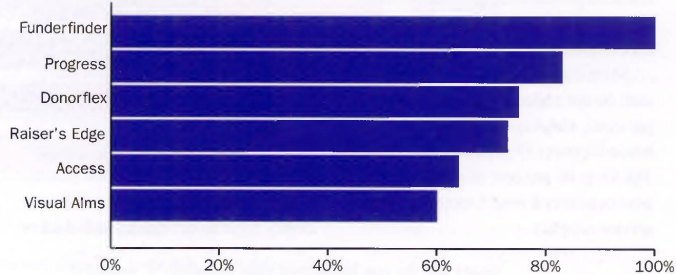


Chart 13: Users who would recommend membership package

