

*Charity*Finance

# Voluntary Sector IT Survey 2006

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**The Charity Finance Voluntary Sector IT Survey was first published with the May 2006 issue of *Charity Finance***  
**Plaza Publishing Ltd, 3 Rectory Grove, London SW4**  
**ODX Telephone 020 7819 1200 Fax 020 7819 1210**  
**[www.charityfinance.co.uk](http://www.charityfinance.co.uk)**

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**Designed by** RF Design UK

**Printed by** Stephens & George Magazines Ltd

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# Foreword

It is again a pleasure to support, for a third year, the annual *Charity Finance voluntary sector IT survey*, in association with CFDG and Citra. The results provide a welcome opportunity to benchmark against peers and see how the IT picture is developing across the sector. We are anxious to make this survey as useful as possible, and we would therefore welcome comment on the content and structure directed to that end.

Last year I commented on the existence of standards of best practice in IT in the form of ITIL and BS9001, BS15000, and BS7799 and that it was striking that a large proportion of respondents reported that they had only begun considering these or had never heard of them. The same situation prevails this year, and interestingly exists in similar proportions in all sizes of organisation responding.

We at ServiceTec build our support services and our internal IT around these standards and are convinced that they, rather than return on investment, provide the most valuable tools both in determining IT strategy and practice, and in convincing trustees and funders that appropriate IT investment is necessary for good governance and risk mitigation. We believe that increasing compliance demands will make this a critical issue for all sizes of charity.

Reasonably sophisticated IT systems are becoming more and more an expectation not only on the part of donors and charity workers, but also in official requirements. This imposes a difficult burden on smaller organisations who cannot afford the employment of dedicated IT skilled people. A number of efforts are being made to address this issue, such as the new ICT Hub and IT4Communities, under the aegis of the Worshipful Company of Information Technologists. At ServiceTec we are sponsoring a research fellowship, studying the requirements of small charities, and seeking to develop ways and means by which the necessary resources can be economically delivered.

It is also very interesting to observe the high degree of acceptance of the virtues of full or partial IT outsourcing. Outsourcing requires strong management to be successful. However, it is a way of making skilled specialist resources available to charities at a time when it is increasingly difficult to match what may only be occasional demand for such resources, with their economic availability. IT is not getting any simpler or easier to resource, as the expectations that we have of it grow.



**Bryan Mills** *Chairman* ServiceTec

**SERVICETEC**

# Overview and survey results

**T**he Charity Finance voluntary sector IT survey 2006 includes responses from 403 organisations. Nearly a third of respondents have income under £1 million (referred to as small charities in the text unless stated), and a further 28 per cent have income between £1 and 3 million. At the other end of the scale 11 per cent have income over £20 million (large charities). There is also a range of staff sizes with 22 per cent of respondents having below 10 staff, while 6 per cent have over 500.

Last year's survey highlighted the continued recognition of the importance of IT strategically by charities. This year's results find that encouragingly high figures (two thirds) incorporate IT into their strategic planning. Additionally there has been a growth in numbers outsourcing parts of their IT operation. However, while the majority (90 per cent) of charities say that security is dealt with adequately within their organisation, this is not matched by the numbers undergoing testing to check the robustness of their security measures. The challenge remains for charities to get value from IT and working out better ways to use it to focus resources for their prime objective while keeping a secure environment.

The reality is that while things are improving, the sector continues to lag behind the commercial sector, which has for many years understood the necessity to budget for IT projects and invest the time and energy required to gain real returns on investment. Some perennial problems are identified, for example, gaining

agreement from trustees that IT investment will help the charity achieve its goals, gaining adequate IT skills from the IT market, finding suppliers who want to work with charities, and turnover of staff and the consequent IT training requirements for new staff.

Iain Pritchard, IT consultant at Sayer Vincent, thinks that the main problem for charities continues to be that IT people don't communicate well about IT. 'On the whole, charities probably get more from their investment in technology than they think. Many could do even better but terminology keeps getting in the way. IT professionals need to learn the languages their colleagues speak and find new ways to talk about the benefits and costs of IT in terms users can understand and appreciate. That's actually the starting point for addressing all the other issues.'

Comments from charities highlight some other concerns. One respondent says: 'As with all charity issues, the focus is on large organisations, and best practice for large organisations is irrelevant or harmful for the great majority of charities which are small.'

Clearly best practice in one size of organisation can be useless in another, where staffing numbers, locations, skills and availability all vary. While there are broad principles and key issues that are common across all organisations, the practical constraints of running a smaller charity means that the way in which these issues are addressed are often rather different – one size does not fit all. However, that is not to say that a smaller charity cannot benefit from systems and best practice used by a larger charity if it

means they can become more efficient. Some best practice does translate, for example the principles of good governance apply to any project, regardless of size. Also, it isn't just size that makes a difference. Other differentiators can be more important, such as dependency on volunteers, or whether the charity operates internationally.

Whatever the size of charity, the potential benefits are clear. George Georgiou, director of new business sales at ServiceTec, says that one of its leading charity clients saved over £180,000 through implementation of best practice during the last 12 months.

Another charity observes: 'In a small organisation that is continually chasing enough funding to survive then IT or the training of staff to an adequate level is not seen as a priority. IT is not seen as a positive solution to increased efficiency and consequently a way of saving money.'

David Ripper, head of IT at Sue Ryder Care, says if charities take the view that they work in the same macro climate as all other organisations whether they are commercial or government then it shouldn't differ from the issues facing other organisations in the same vertical space. 'For example Sue Ryder Care is in the healthcare industry and is therefore influenced by what is happening in the NHS, we are also in the retail industry so need to be aware of what is happening in the retail sector.' He feels there are two main points that all organisations should focus on. Firstly, make sure there is a business focus for all IT projects and make sure that

the business is the project sponsor. Secondly, look at what's important in IT, the I or T. 'Like it or not we are there to support the business and unless the business wants something we shouldn't be trying to provide it. If they aren't prepared to sponsor a project then it's not important enough to them and it shouldn't go ahead. Unless the business takes ownership they'll pass the buck if it goes wrong and the project will be seen as an IT failure not a business failure and this will reinforce any perception from the business that IT projects fail.'

A further complaint is around the sheer amount of technology out there

and the difficulty in assessing what is relevant. 'There is too much information out in the market place. Strategies are being invented to justify purchasing rather than IT serving the organisation's needs. Technology is driving the market rather than need.'

Neil Boulton, head of IT at Marie Curie Cancer Care, agrees there is some truth in the latter comment. 'Certain technologies or strategies are pushed incessantly by certain analysts, eg. service oriented architecture without any real obvious deliverables being evident to date. But I disagree that there is too much information out in the market place. Surely that's

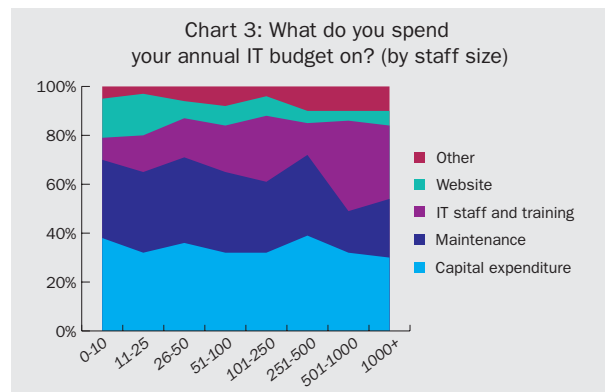
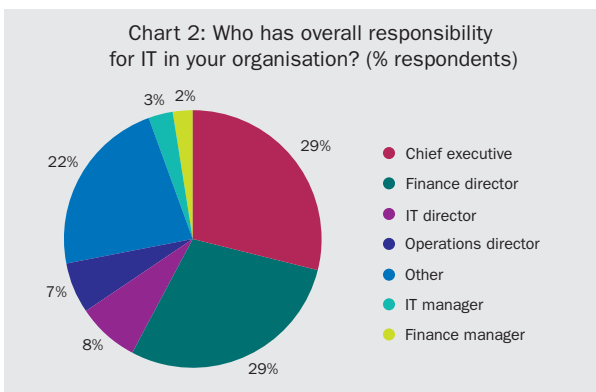
our role in IT – to sort the wheat from the chaff.'

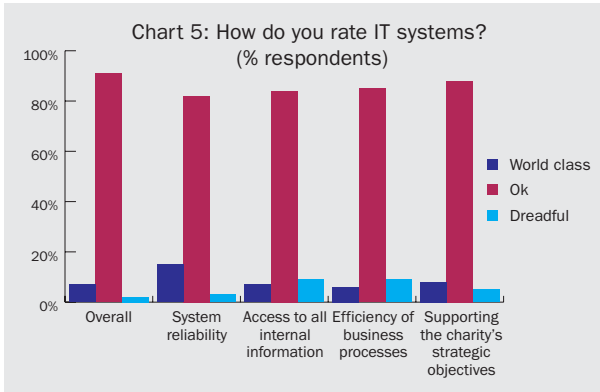
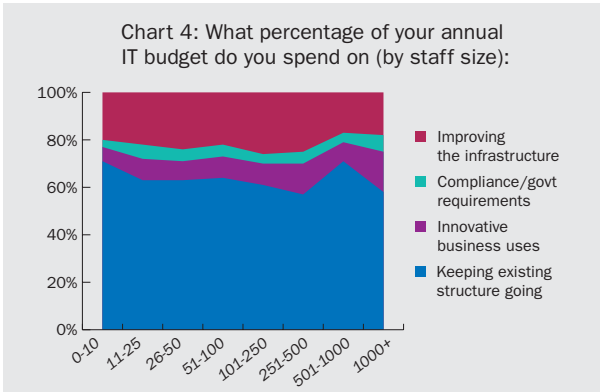
Ripper agrees. 'Is there more information about IT than HR or finance? Isn't it part of a manager's skill and experience to be able to sift through the information and find that which is relevant and act upon it? This gets back to being business driven, you listen to what your organisation tells you it needs and then you provide solutions for them.'

Jon Jorgensen, managing director of Asyst Solutions Ltd thinks it is crucial that a charity first takes a close look at its current process flows and determines where improvements

Chart 1: 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	90	CEO	No	1.0	0-10	2-3 yrs	0-10	713,856
£5-£15,000	95	CEO	No	1.1	11-25	2-3 yrs	26-50	2,697,242
£15-£50,000	69	FD	Yes	1.3	26-50	2-3 yrs	26-50	4,680,031
£50-£100,000	39	FD	Yes	2.4	25-50	2-3 yrs	51-100	8,104,220
£100-£250,000	28	FD	Yes	3.2	51-100	2-3 yrs	101-250	15,652,768
£250-£500,000	12	FD	Yes	8.7	251-500	1-2 yrs	251-500	20,215,385
£500,000-£1 million	6	FD	Yes	10.7	501-1000	2-3 yrs	1000+	39,342,857
>£1 million	17	FD/IT Director	Yes	31.7	501-1000	2-3 yrs	1000+	54,863,636





need to be made. ‘If these are not mapped out carefully, or indeed at all, the organisation will end up buying a piece of IT for all the wrong reasons. This is also a huge issue for commercial organisations.’

David Edwards, trust director at WCIT, suggests that IT in general may well not be the best way of increasing efficiency and saving money. ‘It depends on the organisation and its modus operandi. IT is a means to an end. There may well be specific IT developments which would help an organisation but the key challenge is to enable an organisation to be able to identify the IT developments which

are relevant to its situation, not IT for IT’s sake.’

He agrees that there is a lot of information, but for the less confident charity it’s not particularly obvious which sources of information are both competent and not promoting a particular product/solution. He says that this was one of the drivers behind the ICT Hub’s work on providing a comprehensive and trusted knowledgebase on IT issues.

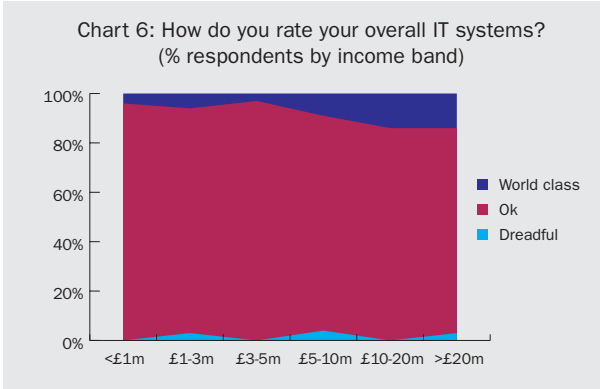
The ICT hub, funded by the Home Office’s ChangeUp programme and managed by Capacity Builders is now finally up and running after some amount of controversy and

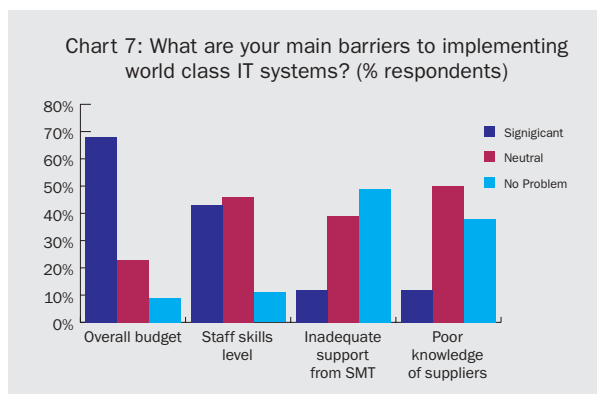
is focusing on fulfilling its aim to improve voluntary and community sector ICT infrastructure so that organisations are enabled to achieve their missions more efficiently and effectively

through the better use of ICT. It comprises a group of voluntary sector organisations who have come together to plan and deliver a co-ordinated framework of ICT guidance, good practice, advice and support for voluntary and community organisations, accessible at a local level.

ICT Hub project manager Nicky Thompson thinks the sector’s major issues still concern the funding of ICT projects and, while there is exemplary practice in the use of ICT, many organisations are still struggling with the basic plumbing. ‘There is a real need to develop relevant and affordable forms of ICT support and the ICT Hub is developing more volunteer and circuit riders initiatives both of which are proven models of effective support for the sector.’

Richard Pierce, managing director of PS Financials thinks that the Hub is a real opportunity for the sector to embrace best practice. ‘I think it will be effective in removing some of the fear and lethargy in using new systems to the best advantage, and best practice must also be a benefit.’





However, not everyone is so positive, with doubts being expressed about whether the hub will work. Indeed over a third of respondents to the survey claimed not to have heard of the ICT Hub. It will be interesting to see what progress has been made in a year's time and the first challenge will be to raise awareness of what it is trying to achieve, if it is to be effective.

### IT responsibility

Chart 1 (on page 4) shows the typical charity by size of IT budget while chart 2 breaks down respondents by who has ultimate responsibility for IT in their organisation. This is split evenly between the chief executive and finance director at 29 per cent, similar figures to last year's survey. However, for smaller charities, the chief executive is responsible in 48 per cent of cases. For large organisations it is the finance director in 43 per cent of cases and the IT director in 17 per cent.

Again, similar to last year, the chief executive is closely involved in IT decision making in half of charities. Interestingly, given that

the chief executive is more likely to have IT responsibility in smaller organisations, the chief executive was identified as being closely involved in only 36 per cent of cases, implying that

12 per cent of

smaller charities have a chief executive who is responsible for IT but not closely involved.

Over half of charities have a dedicated IT department. For the smaller organisations the figure is a third of respondents while for the larger charities it rises to almost 90 per cent. The mean number of employees in a dedicated department has risen to 5.35 from 4.6 last year.

### Budgets

There is a range of IT budget sizes. A quarter of organisations have a budget below £5,000 and another quarter between £5,000 and £15,000. At the other end of the scale 10 per cent have a budget in excess of £250,000. Chart 3 and 4 give some indication of what charities spend their IT budgets on.

In the 2004 and 2005 survey, 37 per cent of budget overall was being spent on capital expenditure, but this has dropped to 34 per cent. At the same time the amount spent on maintenance has fallen from 35 to 33 per cent while in the last year the amount spent on staff

and training has risen from almost 11 per cent to 17 per cent. For charities with under 10 staff only 9 per cent is being spent on staff and training, although the figure rises to around a third of the budget for larger staffed organisations. Smaller charities are spending a greater proportion on capital expenditure and websites.

### IT systems

Once again we asked respondents to rate their IT systems as either world class, OK or dreadful. The figures are almost identical to last year with 7 per cent thinking that their overall systems are world class, and 91 per cent saying they are OK (see chart 5). However, 15 per cent think they have world class systems regarding systems reliability compared to 11 per cent a year ago. Perhaps not surprisingly large organisations are slightly more likely to rate their systems highly, with 14 per cent of charities with income over £10 million thinking they have world class systems (see chart 6).

However, there has been a change in charities' perceptions as to the barriers that stop them implementing world class systems (see chart 7). Just over two thirds think that lack of budget is significant, 43 per cent blame staff skills level, and 12 per cent cite inadequate support from the senior management team (SMT), and poor knowledge of suppliers. Last year the figures were 87, 69, 35 and 42 per cent respectively.

For the very large charities lack of budget is a significant problem for 48 per cent while inadequate support of SMT is a factor for 24

per cent of respondents and staff skills levels for 18 per cent.

**Software**

Charts 8-13 show the most popular packages used for accounting, membership and fundraising and give some indication of satisfaction levels by stating the percentage of users who would recommend them. On the accounting side Sage is by far the most popular package still, used by 49 per cent of charities, up from 42 per cent last year. Almost 90 per cent of users would recommend it. This figure rises to 92 per cent for small charities which is where use of Sage, particularly its Line 50 product, is concentrated.

David Membrey, deputy chief executive at CFDG, is surprised by the high satisfaction levels enjoyed by Sage. ‘It does not fit at all well with anecdotal evidence that we have which seems to show that there is widespread dissatisfaction with Sage Line50.’ It is because of this groundswell of dissatisfaction that CFDG has set up an entry-level software group.

Raiser’s Edge strengthens its

position as leading fundraising package, used by 32 per cent of respondents compared to 28 per cent last year, while Microsoft’s Access package is still the most popular membership solution used by 19 per cent of charities, slightly down on 2005’s 20 per cent.

A recurring theme over recent years in the software arena has been increased consolidation. A number of recent high profile acquisitions within the sector has further reduced the number of available suppliers and there is much debate about whether this is a good thing for customers.

Mark Trouth, managing director at ProTech, summarises the arguments. ‘Some would argue this is a blessing, others would argue that a greater choice for organisations increases all suppliers’ focus on quality and price.’

Charity Finance’s recent accounting software survey (February 2006) offered a comprehensive review of packages on the market, and despite consolidation there is still a large range of products on offer to charities. This makes it important that they look at what they need and find a system that really does provide it,

rather than following the herd.

Pierce at PS Financials says that many voluntary sector organisations have approached IT and software on a cost basis, rather than identify the best fit for their needs, which has led to a large number using software that does not provide proper budgeting at department or project level. ‘This has meant spreadsheets have had to be used, with all their associated costs/errors, such as re-keying, maintenance and control. In the end, the initial cost saving is a false economy, as time and money is spent on administration (the zero/low cost of volunteer staff has historically camouflaged this problem) and the information that department or project managers need is not readily available without a lot of duplication and effort.’

**Other findings**

The popularity of remote access for home workers continues to increase with 56 per cent of charities offering it to some or all of their staff compared to 46 last year. Among those that do offer it, on average 41 per cent of their staff are able to take advantage. It is more prevalent in larger charities

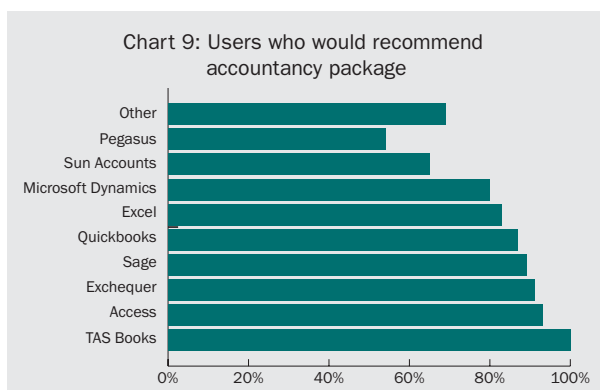
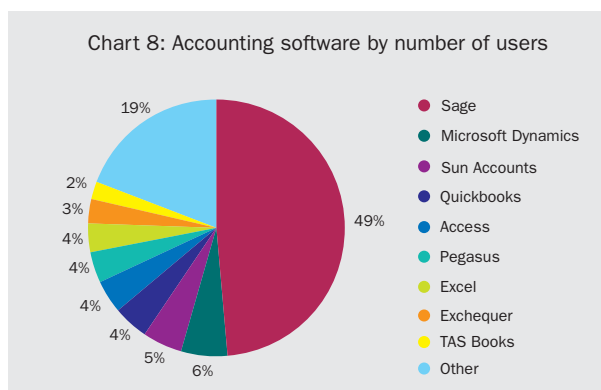


Chart 10: Membership software by number of users

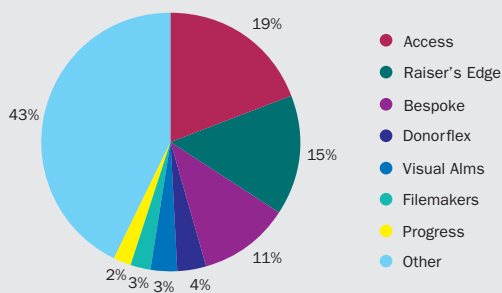
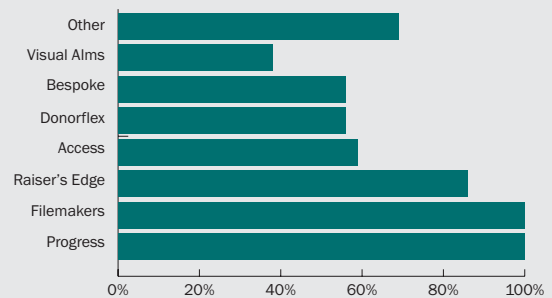


Chart 11: Users who would recommend membership package



where over 80 per cent offer it compared to a third of smaller ones.

It isn't just about flexible working practices as there is a strong business argument driving this issue. Georgiou at ServiceTec says it has seen a number of its customers take advantage of improved communication solutions and the associated reduced costs.

John Tate, chair of Citra, thinks technology will push this forward as the internet becomes more and more part of our lives and applications are hosted on the web. 'There was a feeling that if you can't see it and

touch it you won't feel comfortable but increasingly there will be more service centres remotely based.'

There is still a role for the numerous IT consultants offering help to the sector although 42 per cent spent nothing on them and 39 per cent spent under £10,000, a similar finding as last year. Over 80 per cent felt they represented good value for money, again unchanged from 2005.

Trustees continue to become more comfortable with email and 46 per cent of charities now use email as the primary source of communicating with trustees

compared to 36 per cent last year.

However, the last twelve months has seen little progress for Open Source solutions with only 8 per cent using it compared to 6 per cent last year and only 5 per cent considering it in the future, compared to 8 per cent two years ago. Georgiou thinks that the future of Open Source solutions is in the hands of the aggressive pricing approach by suppliers such as Microsoft. While cheap licensed solutions are available, Open Source is always going to find it hard to gain a foothold, whatever the benefits are in terms of flexibility.

Chart 12: Fundraising software by number of users

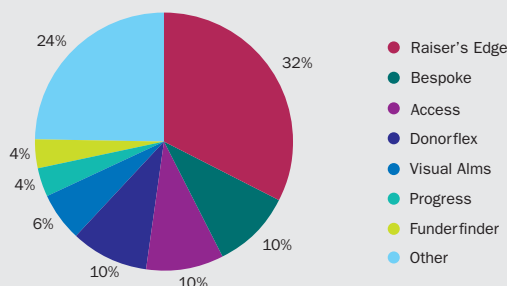
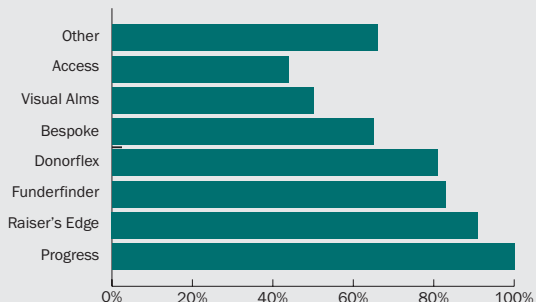


Chart 13: Users who would recommend fundraising package



# Future trends

## **Iain Pritchard, Sayer Vincent**

'2006 will see a lot of organisations exploring the benefits of server virtualisation, which allows an organisation to configure and run one or several network servers on a single machine. Potential benefits include easier software development and evaluation, secure hosting of legacy applications, and rapid deployment of network upgrades.'

## **George Georgiou, ServiceTec**

'The coming 12 months will be an exciting time in the sector with new technology proven and tested such as smart phones, and improved communications solutions. I believe this will extend the reach of IT systems' availability for remote workers, and allow greater remote working for centrally based staff reducing central infrastructure costs.'

## **Robin Fisk, managing director, Fisk Brett**

'We're finding that charities want seamless integration of their software applications; easy access via the web; and better management information. The technology which provides the solution to these needs is called dot net (.net), Microsoft's strategy for integrating applications and devices using Web Services, SQL Server, Windows and the web. The key integration technology will be Web Services, which allow applications to share data among themselves using XML messages.'

## **David Ripper, Sue Ryder Care**

'There are a lot of interesting, new and not so new, technologies about that will be particularly useful in the right

situation. We're particularly interested in how we might be able to take advantage of Open Source software in more areas and IP telephony.'

## **John Tate, Citra**

'Mobile working through wireless technology and 3G will continue to take off. I would also like to see environmental computing taken up by charities. Computers use a lot of electricity and landfill so an environmental approach is welcome.'

## **Niroo Rad, ASI Europe**

'Charities need to build mini sites on their website where donors can create their own mini-community. The creation of more targeted content would make the site much more appealing to visitors and is a great way to build a sense of community. Also, by driving donors to a mini site, charities can create a pyramid effect of sponsorship where a donor can bring other donors on board.'

## **Joe Saxton, nfpSynergy and chair of Institute of Fundraising**

'One of the really interesting issues is how new media technology fits alongside old media technology. Does the IT department handle it all? What about SMS? Digital TV? My sense is that the internet is not properly integrated into IT thinking. Podcasting must be the next big thing in IT.'

## **Richard Pierce, PS Financials**

'There is still a lot of catching up to be done. I don't think that voluntary organisations should be at the forefront of technology developments as it's not in their nature or structure, but they should take advantage of technology

updates when price and system performance are at their best.'

## **Jon Jorgensen, Asyst Solutions**

'The internet will increasingly become a viable business tool. The software is already available to allow organisations to carry out report distribution, procurement, expense capturing and timesheets online, and be accessible from any computer on the internet.'

## **Rob Steele, product director, IRIS Enterprise**

'The adoption of email and XML into accounting systems has enabled us to automate the distribution of reports and financial documents such as invoices, statements and remittances. Using this technology, charities will soon be able to synchronise their data with their accountants, minimising down-time and disruption at year-end.'

## **David Edwards, WCIT**

'There will be some charities that will be making use of podcasts, 3G and developments in the games field. VOIP is likely to come into wider use. However, at the smaller end of the market I suspect that the focus will still be on core issues such as the effective integration of databases, websites and networks, and the use of technology to support remote working/collaboration.'

## **Grahame Marsden, CedarOpenAccounts**

'We see the not so new public web to connect remote sites to the charity HQ for finance, HR, payroll, fundraising, reporting etc. taking off in the next year. Broadband costs are coming down all the time and this will assist charities to invest in web technologies.'

# Outsourcing

There has been a clear increase in charities outsourcing all or part of their IT since last year (see chart 14). The numbers of organisations outsourcing their helpdesk has risen from 23 to 25 per cent, those outsourcing hardware and software maintenance has increased from 49 per cent to 52 per cent while

44 per cent now outsource network management compared to 37 per cent last year.

There are no patterns according to the relative size of respondents although only 20 per cent of the large charities outsource network management compared to around half of the smallest organisations.

Georgiou at ServiceTec identifies a clear trend of charities outsourcing for a number of reasons including cost reduction and improved services. 'Cost reduction is achievable when true internal delivery costs are understood and the charity works with an aligned service provider who has developed products for the charity market place. Improvements in service are delivered by the supplier's wide ranging skill base and solutions which are founded on best practice in service delivery.'

There aren't many significant changes in the perceptions of the advantages and disadvantages of outsourcing (see charts 15 and 16) although those who agree that it is cheaper to have in-house support has fallen from 33 per cent in 2005 to 30 per cent.

Jorgensen at Asyst thinks that outsourcing reduces the cost of ownership but says that even in the commercial world people do prefer their data to reside within their business. 'Where outsourcing will be most successful is through the deployment of web based tools, especially products such as Sharepoint services. This will not only ensure ease of access but also provide the necessary support to organisations. Educating charities as to the IT options available and the benefits which can be obtained is essential.'

Grahame Marsden, not for profit manager at CedarOpenAccounts, is not convinced that outsourcing is for everyone. 'Even in the commercial market, outsourcing popularity comes and goes and only appeals to certain companies. Many of the larger charities do like to run IT systems

Chart 14: Do you outsource? (% respondents)

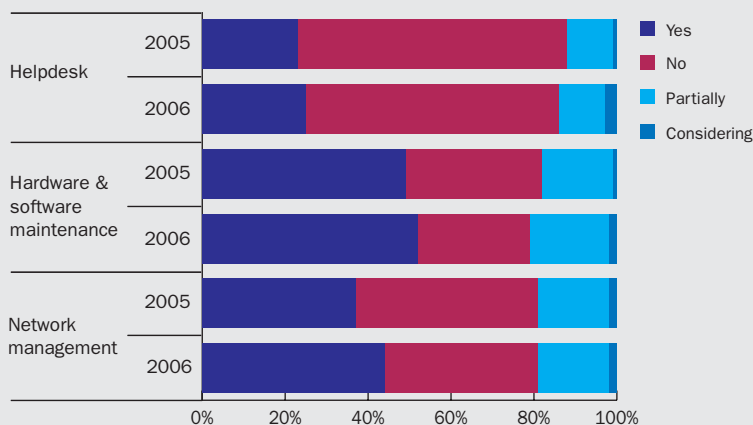


Chart 15: What do you consider to be the main benefits of outsourcing IT support? (% respondents)

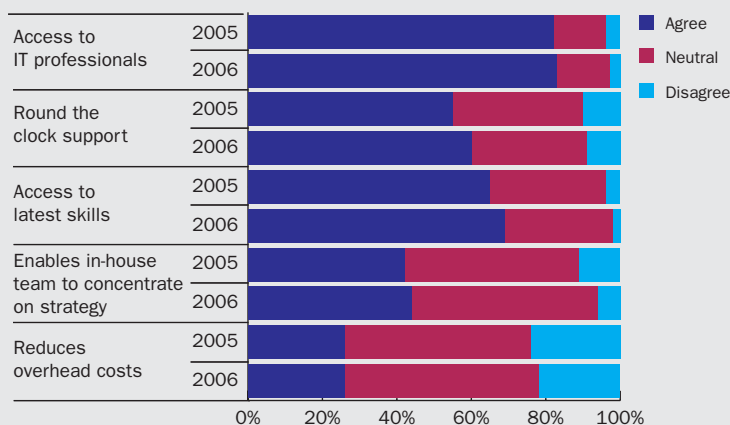
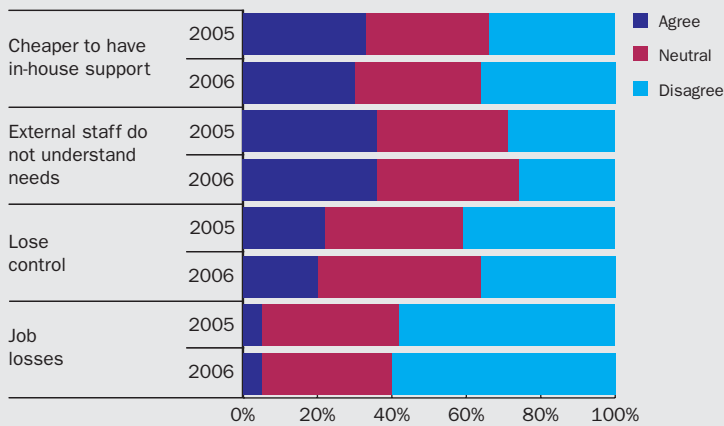


Chart 16: What do you consider to be the main disadvantages of outsourcing IT support? (% respondents)



themselves so outsourcing will probably not be for them.’

Ripper at Sue Ryder Care think part of the issue is the level of outsourcing. ‘There seems to be a lot being written at the moment about the perils of outsourcing which may deter organisations. How many people read about outsourcing and think about the wholesale movement of an entire function from being internally run to being externally run? The big concern for most people is what happens if it all goes wrong. How many people instead think about selectively moving a system or process to a managed service instead so that they can test the capability of a supplier before fully committing to them? You need to carefully select the systems that you want to move and clearly understand why you are doing it.’

Pierce at PS Financial touches on another support option that is gaining some popularity, that of sharing IT support services. The most high profile example has been the tie up

between the Children’s Society and NSPCC who have set up Charityshare to provide national, local and technical support, helpdesk, training, purchasing and technical infrastructure to both organisations.

‘We are seeing a growth in the outsourcing of hardware and software support, but some organisations are combining so that they can achieve economies of scale and benefit from best practice. This not only reduces the cost for software and hardware, but best practice accounting is also

being established and standardised between organisations,’ says Pierce.

Prichard at Sayer Vincent thinks there could be a role for more sharing of IT services especially given the increased interest in sharing back-office functions, generally. However, he warns: ‘Sharing goes against the grain for many charities. Not because of a lack of altruism or trust but rather because individualism and flexibility are what makes the sector unique.’

Jorgensen thinks that shared service in theory is a great idea. ‘However, the concept of shared service is currently too far removed to be easily achievable for a large number of smaller charities due to lack of IT resources.’

Marsden agrees that charities, being quite cautious, may need to see examples such as Charityshare pay back over time before they themselves follow that route.

Georgiou concludes that charities need to consider shared solutions and infrastructure that will benefit communications. He thinks the right service provider’s strategic input and systems can develop expertise for systems such as fundraising and resource allocation.

**Prize draw**

Thank you to all of the charities who participated in this survey, and congratulations to the three winners of the prize draw, each of whom win a hamper.

- Frankie White, Somerset Wildlife Trust
- Ann Pfeiffer, Anglo German Foundation
- David McGregor, Queen Elizabeth’s Foundation

# Security

This year's findings once again appear to reveal a mismatch between charities' perception of whether security is adequately dealt with, and the actions being taken to ensure this. Boulton at Marie Curie thinks that charities need only to look at the example of the Aid to the Church in Need's high profile data theft of 3,000

donor records at the end of last year and the effect it had on both their reputation and that of their individual donors, to realise what a big issue effective security is.

Charts 17 and 18 reveal that over the last three years, increasing numbers of organisations have been implementing security measures including firewalls

and filters for spam and email content. Interestingly, while viruses remain the number one perceived security problem, the figure has dropped from 82 per cent to 72 per cent identifying it as a major threat between 2004 and this year. However, 38 per cent of respondents have suffered a virus attack in the last year although only 4 per cent said the disruption level was major. External hackers are identified as a problem by 35 per cent of charities now compared to 10 per cent in 2004.

While 90 per cent of respondents feel that security is adequately dealt with in their charity, only 30 per cent have regular security audits (see chart 19). Although 61 per cent of large charities have one, there is little difference between small charities and the rest. Of those that have an audit, 93 per cent implement corrective actions completely, and the remaining 7 per cent do partially. Only 13 per cent of organisations have regular penetration tests (see chart 20) though this figure rises to 44 per cent of the largest ones. Georgiou is adamant that charities need to take security more seriously, especially if they are considering connecting to external organisations such as NHS N3 network.

Thompson at the ICT Hub says that its own research also backs up these finding. 'It indicated that while 80 per cent of organisations felt ICT was important only 54 per cent were regularly carrying out rigorous back ups. We know organisations think that ICT is important but there is unfortunately a gap when putting this into practice.'

Tate of Citra thinks the scale of the issue has been hugely underestimated. 'I would ask finance professionals

Chart 17: What security measures have you implemented for IT systems? (% respondents)

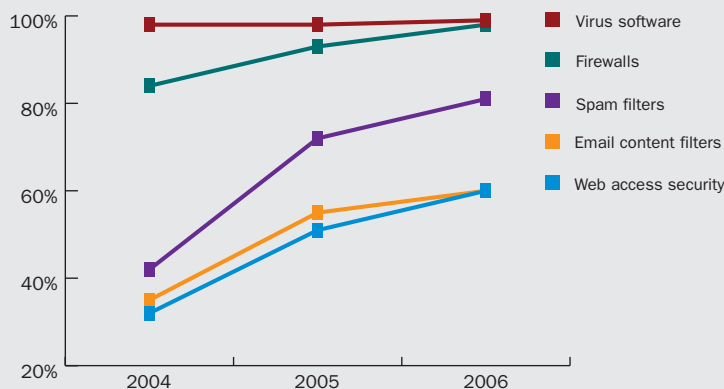
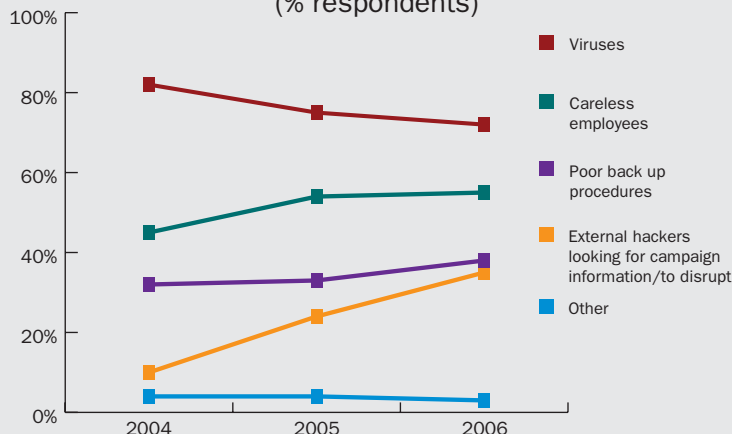
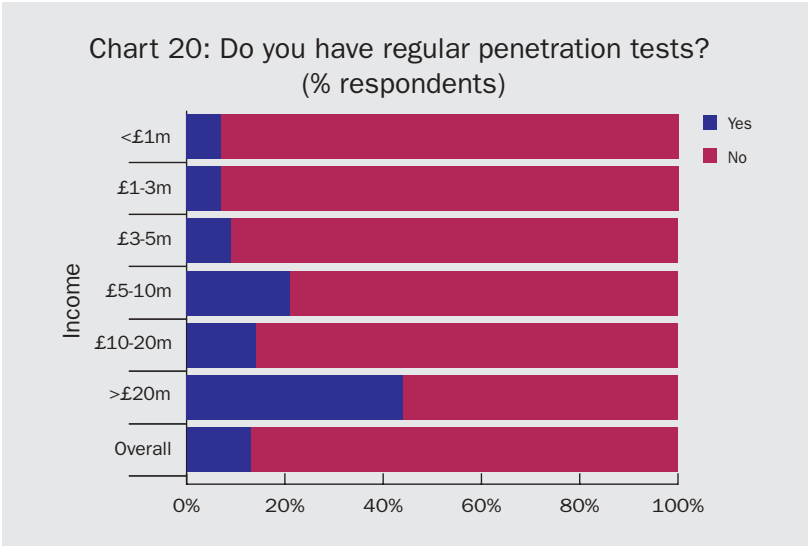
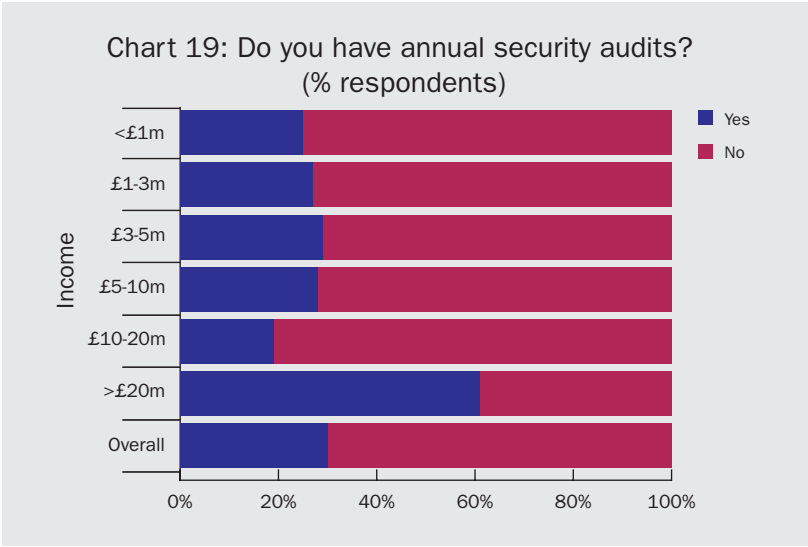


Chart 18: What are your key IT security threats? (% respondents)





with responsibility for IT, who say that security is dealt with, how do you know that systems are safe? IT audits should be an essential part of a charities life, and some may need external checks. Often issues are identified too late.’

Ripper at Sue Ryder Care points out that there is a tendency in some organisations to think that if you have

a firewall and anti-virus then you’ll be safe. ‘I wonder how many charities still look at it as a very expensive insurance policy. Of the third that do have annual security audits the large proportion are the larger organisations for whom the cost is proportionately less.

He also thinks that fear plays a part

in people’s attitudes. ‘They think they understand what is meant by security and don’t know what they don’t know. Essentially you’re asking someone to come in and expose your vulnerabilities, this means that you may lose credibility because you’re no longer seen as an expert, and you may be concerned that you’ll have to explain why the vulnerabilities exist when you’re supposed to have them covered.’

Prichard at Sayer Vincent says that the NTA Monitor 2006 cross-sector study of VPN security found that charity IT systems are in fact the most secure against potential network attacks. He suggest that this tends to support respondents’ confidence. ‘However, technology continues to develop at an astonishing pace including the technology used by hackers and others with nothing better to do. Charities need to keep up, which means establishing and adhering to a set of benchmarks and standards for information security appropriate to the sector.’

Truth at ProTech says that parties should be reminded that legislation in the form of the Data Protection Act requires that client information is rigorously protected and maintained.

Edwards at WCIT argues that the message about security should be an integral part of the key messages around the strategic understanding of it. However, he also feels it is important to have a cost/benefit perspective on this. ‘Regular penetration tests are unlikely to be the best use of resources for most smaller charities.’

Jorgensen at Asyst feels that it is usually the lack of resources available that is the problem rather than how seriously the issue is being taken.

# Governance

If the sector is to maximise the potential of IT then having effective governance structures in place and having boards that understand the main issues is crucial, especially if it is to become a core part of strategic planning. However, only 16 per cent of respondents have IT representation on their board.

Surprisingly there is not any significant difference between small and large organisations (see chart 21)

Two thirds of charities, strategic plans include reference to IT, of which 98 per cent are acted upon. The figure is slightly higher in bigger charities (see chart 22) although half of smaller charities said their plans contained IT.

Thompson at the ICT Hub thinks that the issue of boards having IT representation is an interesting one. 'Our research found that one of the major barriers to the sector's engagement with ICT was a lack of strategic understanding, particularly at board level, of the contribution ICT can make. What is more important to the effective management of ICT in an organisation is that boards have a strategic understanding of the benefits of ICT and that their decision making reflects this understanding rather than having someone on the board with IT skills or experiences. Too often we hear of an organisation struggling to manage their ICT because the trustee with ICT experience has left.' The ICT Hub is producing a publication on good governance for ICT to provide a guide for trustees in this area.

Tate at Citra has been concerned for some time that trustee boards and SMT don't have IT representation, not from a technical perspective but from understanding the strategic benefits of IT. 'A lot of technology is very new so there is not a huge amount of people with experience but there are people who want to engage including IT directors of commercial companies and retired consultants. The issue is not finding people with skills but recognising that charities need these people in the first place.'

Jorgensen at Asyst thinks that the awareness that IT is important in the strategic planning process is improving. 'Resources are generally limited and not all charities can afford a dedicated resource or employ consultants to come in and help with their IT strategy. The charity sector has fairly high staff retention rates

Chart 21: Does your board have IT representation? (% respondents)

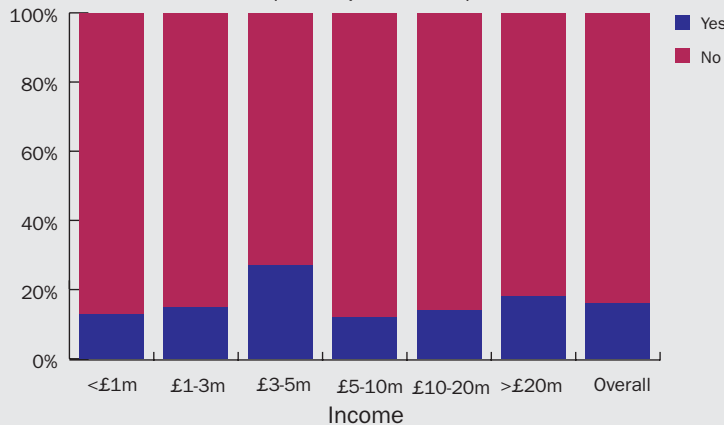
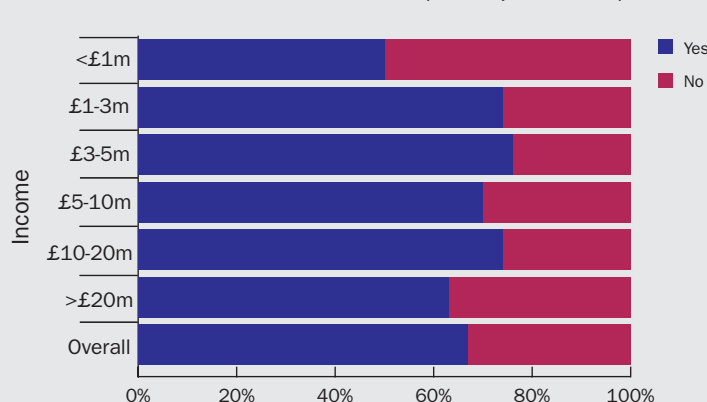
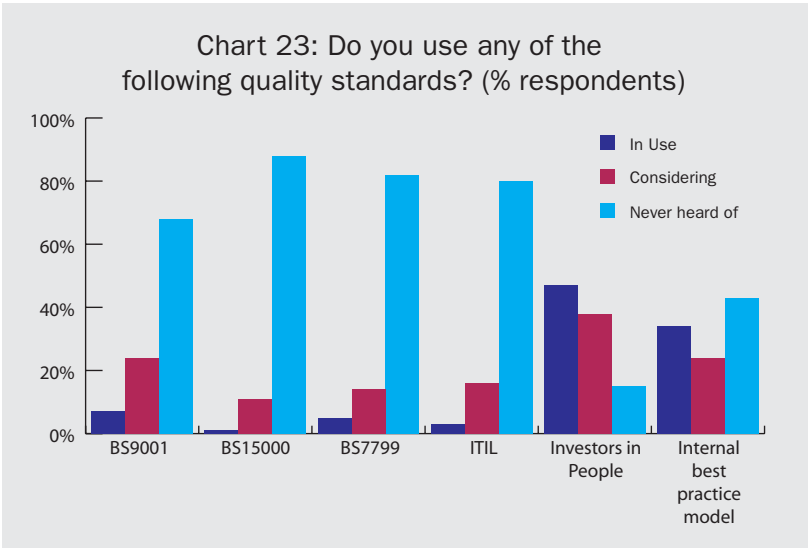


Chart 22: Does your strategic plan include references to IT? (% respondents)





and if people do move, they tend to stay within the sector. This leads to a reasonably closed sector with regards to IT knowledge and what is possible.'

Boulton at Marie Curie thinks that IT is much as an integral part of an organisation as say HR, and not many things get done even in a charity without some IT involvement. 'Representation at the highest level should be the norm. The organisations who don't have IT in their strategic plans will have to catch a later train as they will have to involve IT sooner rather than later.'

Ripper at Sue Ryder Care feels it is down to marketing. 'IT departments need to market themselves more, get away from the image of being the techies that look after the computers and create an image of information providers and enablers, making sure that timely, relevant, and accurate information is available to key decision makers. If you're seen as someone that looks after the computers then you're unlikely

to be seen as strategic; if you're seen as someone that can provide information when its needed and this information is helping the organisation to succeed then you're more likely to be seen as strategic.'

Prichard points to Sayer Vincent's recent ISBenchlearning survey which looked at 55 of the larger charities and found that only a little more than half of heads of IT felt their strategic planning was a close fit with the organisation's objectives. 'Most IT strategies are still independent, stand-alone exercises, unconnected to any corporate planning happening elsewhere in the organisation. As a result, most IT implementations miss their mark. Its a vicious circle, of course, because poor performance undermines the IT case for an earlier say in the planning process. But there are ways to break the circle; building up credibility from small successes is one; establishing better channels of communication between teams and departments is another.'

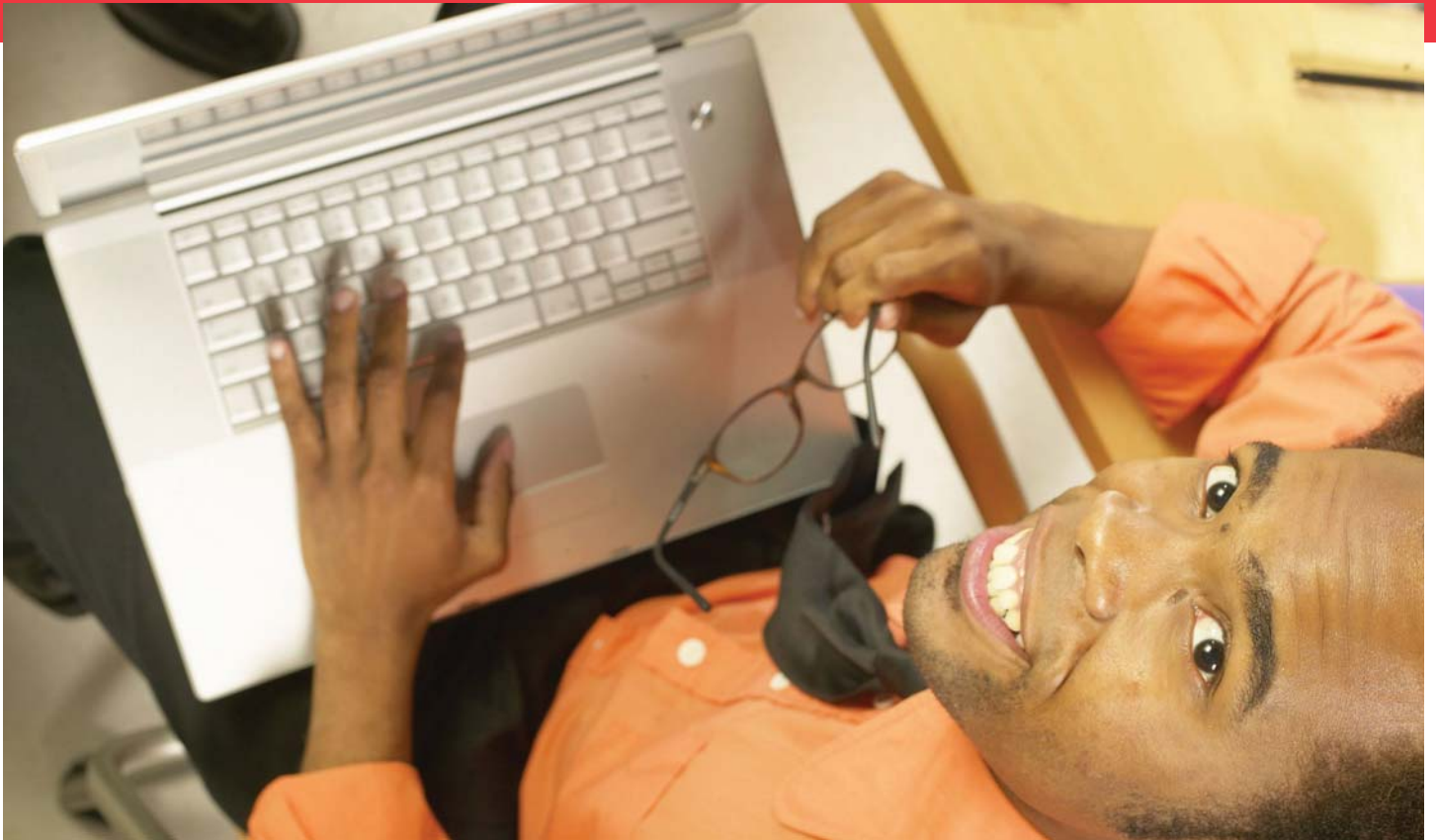
There has been no real change since last year regarding the use of and awareness of quality standards. Although Investors in People has been implemented by 47 per cent of respondents compared to 43 per cent of cases last year clearly quality measures are not on most charities' radar with high numbers of respondents not even having heard of most of them (see chart 23).

More encouragingly, there has been an increase in people considering ITIL from 12 to 16 per cent. ITIL (the IT Infrastructure Library) is the most widely accepted approach to IT service management in the world. It provides a cohesive set of best practice, drawn from the public and private sectors internationally. It is supported by a comprehensive qualifications scheme, accredited training organisations, and implementation and assessment tools. The best practice processes promoted in ITIL support and are supported by, the British Standards Institution's standard for IT service Management (BS15000).

Georgiou at ServiceTec believes that benefits can be derived from implementing elements of quality standards such as ITIL that will deliver efficiencies and improve the effectiveness of IT. 'We have seen a positive trend of charities implementing elements of quality standards while also embracing the principles of the complete standard.'

One final element of good IT governance is having an up to date record of IT assets, which 87 per cent of respondents say they do.

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