

# AMPLIFYING SOCIAL IMPACT IN A CONNECTED AGE

A Survey of Technology-Related Grantmaking for Social Benefit

By Jeff Perlstein for ZeroDivide®

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# AMPLIFYING SOCIAL IMPACT IN A CONNECTED AGE

A Survey of Technology-Related Grantmaking for Social Benefit

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## Introduction

We are experiencing an explosion of inspiring examples from around the globe of communities using newer, low-cost communications technologies to influence hearts and minds and bring about positive change. Whether in Egypt or East Los Angeles, the Philippines or Philadelphia, social movements and effective organizations are increasingly using mobile phones, online video, texting, social media and related strategies to amplify their efforts and generate social impact.

As these new technologies are becoming more pervasive across all demographics, nonprofits' use of these tools is becoming more a matter of survival than competitive advantage.

With some very notable exceptions, philanthropic investment in domestic nonprofits' technology use has largely focused on improving operational functions and efficiencies — hardware and software upgrades, databases for managing membership, the maintenance and design of websites, online fundraising campaigns, etc. For many organizations representing underserved communities, even this level of capacity has proved elusive — one key aspect of the digital divide.

Now, leading nonprofits seek to go beyond simply using technology to strengthen operations. Rather, they are working towards technology integration — weaving technology strategies throughout their organizational cultures to enhance programmatic efforts to achieve social outcomes. They are looking to glean the lessons from seemingly spontaneous, viral successes with new media in order to be as pro-active and strategic as possible with their own practice.

Clearly, the move is on from back-end to front-end use of communications and information technology to bring about change.

With more than 12 years of grantmaking behind it, ZeroDivide has shown that nonprofits representing historically disadvantaged communities can remain technologically current and thrive in this evolving digital environment — but it requires a very intentional approach. It requires a significant investment in the development of a new culture for each organization — one that is technologically robust and culturally appropriate.

This project contributes to the growing but nascent body of research informing the philanthropic sector's support of technology initiatives for programmatic outcomes (see Literature Review, Appendix C). It builds on the findings of previous studies while contributing unique aspects:

- viewing this issue through the lens of underserved communities' needs and assets;
- asking funders what they need in order to be more effective.

Our findings make clear that funders are interested in increased funder education and advising to assist them in supporting nonprofits' tech-related activities towards social outcomes. It is also clear that far more significant investment is needed in the nonprofit sector in order to leverage the opportunities that new technologies provide for programmatic impact.

The potential is great, the need is high, but the funding remains quite modest.

We hope that foundations and policymakers interested in strengthening social outcomes use these findings to inform their strategies and future research. Increased and sustained attention to this area of grantmaking is needed to ensure the nonprofit sector keeps pace with the opportunities to leverage organizational and community assets for social benefit.

## Research Objectives & Methods

### OBJECTIVES

This research project was motivated by ZeroDivide's longstanding commitment to strengthening the quality and quantity of philanthropic investment in nonprofits' use of technology for social impact — with an emphasis on nonprofits representing historically underserved communities.

Founded in 1998, ZeroDivide has granted almost \$50 million to 400 nonprofit organizations working to transform their communities through the power of information and communications technologies. One of a handful of foundations focused on community-driven technology strategies, ZeroDivide sees the digital divide as part of a broader set of social, economic, political and cultural divides that must be addressed to achieve the goals of equity and justice. (See Appendix G for more background on ZeroDivide.)

Through this research, we set out to learn more about funders' interests in technology-related grantmaking for social benefit, identify the key barriers to increased philanthropic investment, and seek out suggestions that could help the sector in surmounting these barriers.

For the purposes of this study, we defined “technology” as “communication and information technology:” websites, mobile phones, video, blogs, for example — not solar panels, genetically modified seeds, or military research. In determining the scope of nonprofits assessed, we considered the nonprofit sector in general, addressing organizations working on a range of issues — from affordable housing to environmental justice, and many more. We recognize that there are a whole set of media-producing nonprofit organizations who are far more tech savvy than the general nonprofit sector, and that these organizations have been the focus of dedicated research that is beyond our current scope.

The project's main objectives were to:

- Clarify the extent of existing technology grantmaking
- Identify barriers to increased investment
- Seek out suggestions for addressing these barriers
- Recognize and encourage notable grantmaking strategies and best practices
- Strengthen the “community of practice” around technology-related grantmaking

## METHODS

Forty-one funders and 13 nonprofit technology service providers (TSPs) participated in this research. Participating foundations varied in size, programmatic emphasis, and geographic reach. The qualitative research was done with funder gatherings in New York and San Francisco (26 participants); one convening of nonprofit technology service providers (9 participants); and interviews by phone or in person with an additional 15 funders and 4 technology intermediaries. The quantitative aspect of the study consisted of an 8-question online survey, completed by 28 of the funders who participated in the meetings and interviews.

While the timeline and resources available for this project did not allow for a random or fully representative sample of the sector, we sought to engage a heterogeneous mix of funders that could provide valuable information to build upon previous surveys and the existing knowledge base. To encourage the greatest possible candor, all input was received without attribution.

It should be noted that, while our pool of respondents was heterogeneous and did include several of the biggest foundations, few of the 20 largest philanthropies participated in the questions related to the amount of investment in tech-related grantmaking. Thus, the data on size of investments mostly reflects input from small- to medium-size foundations.

As noted above, while funders were the core participants, we also sought qualitative input on the sector from a cohort of leading nonprofit technology service providers (TSPs). (Please see Appendix A for a list of all the participants.)

The three main topics of inquiry reflected the project's emphasis on increasing philanthropic investment in programmatic uses of technology by underserved communities:

1. Identifying notable examples of:
  - Nonprofits' use of technology for social impact
  - Grantmaking strategies that are fostering innovative usage of technology by nonprofits

2. Barriers to increased philanthropic investment
3. Suggestions for overcoming these barriers

(For the 8 related questions in the online survey, please see Appendix D. For a review of literature that informed our research, please see Appendix C.)

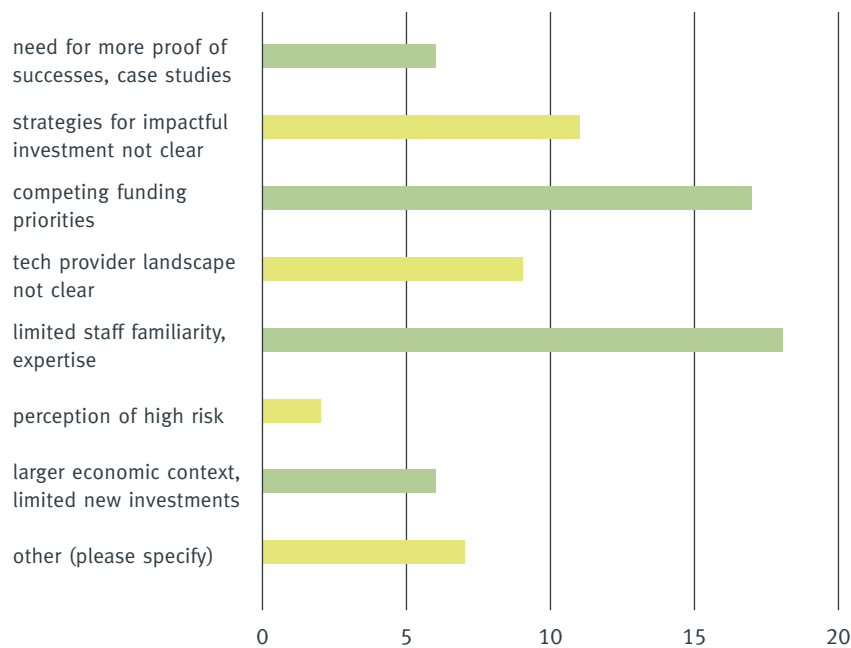
## Key Findings

### THE CURRENT STATE OF TECHNOLOGY-RELATED PHILANTHROPY

#### 1. High Funder Interest, Limited Expertise

All funders indicated a high degree of interest and curiosity in supporting grantees’ use of new technologies for programmatic impact. However, many expressed uncertainty and frustration about how to move from inspiration to action — that is, grantmaking. At 66.7%, “lack of familiarity and expertise” scored the highest response to the survey question regarding the three main barriers to increased investment — with “competing funding priorities” taking a close and not surprising second place.

**What are the three main barriers to increased investments in NPO tech activities for social impact/programmatic use?**



Numerous participants echoed the sentiment of one community foundation program officer who said, “we’re way behind the curve and really should be doing something — like yesterday.”

Funders reported that philanthropic culture in relation to technology is heavily siloed by department. For many organizations, technology fluency often resides with the IT staff, and increasingly, with communications staffers making use of social media — not with program staff or senior management. Not surprisingly, funders also noted a generational divide, with younger staffers possessing most of the organization’s familiarity with technology practices.

This double silo means that organizational decisionmakers tend not to be technology fluent, which participants cited as affecting the entire culture of the organization, including priority setting. The TSPs interviewed largely agreed that there was a high degree of interest from funders, but cited a “risk averse funder culture” as explanation as to why these very funders were hesitant to “move from inspiration to action” and actually fund tech-related initiatives.

**“They don’t get it. There needs to be a shift in foundations’ culture.  
Right now there’s a fear of change and of what we don’t know.  
Most don’t understand its applications nor its impact.”**

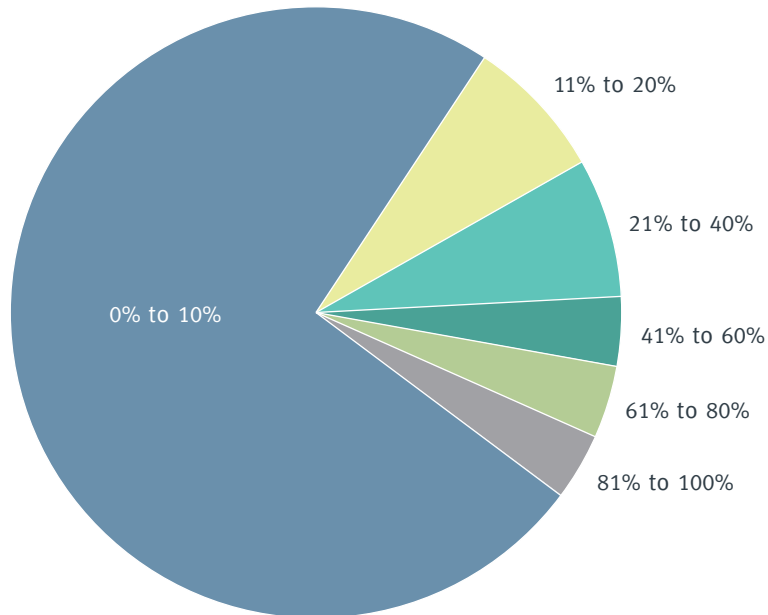
– Investment Officer at a Community Foundation

## 2. Modest Existing Technology Investments

The vast majority of online survey respondents — 72% — reported that their foundations invested 10% or less of their annual grantmaking in nonprofits’ technology capacity and tech-related activities. In meetings and interviews it was clarified further that a strong majority of the 41 overall participants’ investments were actually in the 2-5% range, with approximately 30% of funders at or close to zero.

Significantly, in the gatherings and interviews we also learned that most of these already limited funds went to core IT and operational functions via General Operating grants.

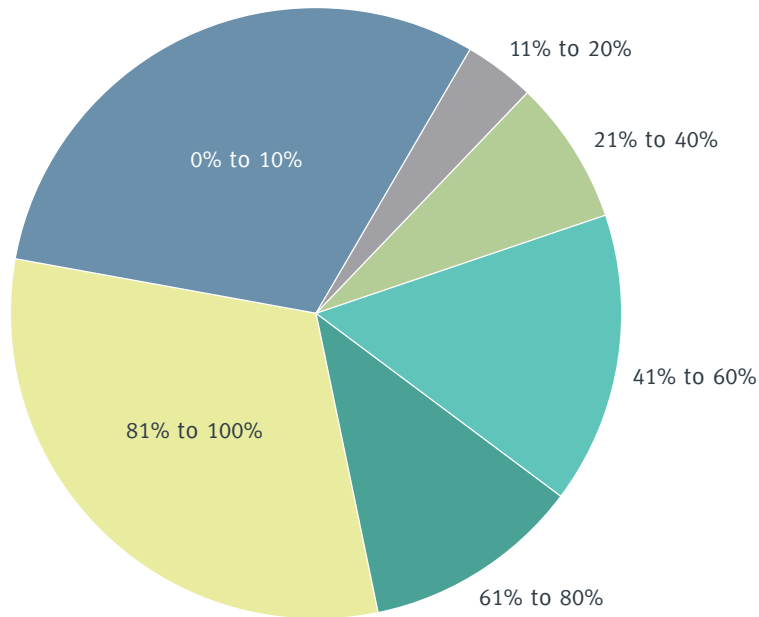
**What percentage of your foundation's overall grantmaking would you say goes toward tech-related grantee activities?**



### 3. The Digital (Funding) Divide

Approximately 50% of funders' tech-related investments were grants to nonprofits representing historically underserved communities, according to our online survey. Our anecdotal and qualitative conversations suggest this number is considerably lower among the overall funder population. While not all funders have these communities as their focus, for those concerned with social equity, there is clearly a need for significantly increased investment in the technology capacity and technology activities of underserved populations.

**What percentage of this tech-related grantmaking is specifically to nonprofits representing historically disadvantaged communities?**



In part, this finding reflects funder investment in TSPs/intermediaries and shareable “platforms/ tools” for the nonprofit sector, rather than direct investment in community-based organizations. While there is clearly value in robust support for TSPs and shareable tools, it cannot be an either/or dynamic: all the tools and training in the world won’t help a receiving community-based nonprofit move from training through to programmatic action without savvy personnel on staff. Both TSPs and community-based nonprofits will need to be significantly strengthened in order to improve social outcomes in our increasingly mediated social environment.

#### 4. Grantees & Donors Leading the Charge

When asked what single factor will be most effective in pushing funders to invest more significantly in this work, one funder answered “simply put, the grantees — they’re way out in front of us on this work and are already coming back to me asking for resources to be more intentional and strategic with their Facebook and Twitter efforts. They’ve been experimenting on their own initiative but now are interested in really getting serious . . . which takes resources for a dedicated ‘online community manager and strategist’.”

Two funders from different community foundations independently mentioned criticism from their donors with donor-advised funds that they didn't seem to be keeping pace with developing technologies or sufficiently supporting grantees in doing so.

## 5. Investments Largely Tactical, Not Strategic

The majority of funder participants reported not having made specific tech-related investments or having a well-defined strategy to guide their grantmaking in support of grantee's technology needs. For many of these funders, the amount of "technology grantmaking" they reported in the online survey was the result of an estimated percentage of their General Operating and/or Capacity Building grants, since some grantees do use these funds for technology activities.

It should be reiterated that few of the respondents to questions on amount of investments were from the top 20 biggest foundations.

A significant number of funders reported offering technology-focused trainings for grantees — mostly on social media — though these were largely one-time sessions with a tactical approach. A much smaller number of foundations are beginning to fund grantee cohorts featuring more immersive year-round trainings, consulting, coaching, and even technology application/project development (e.g. the David and Lucile Packard Foundation's initiative with Beth Kanter).

A very small number of funders dedicate program-related funds, including via challenges or contests, to technology innovation and project development by nonprofits. These are often tech-oriented funders, like Vodafone Americas Foundation and Instructional Telecommunications Foundation, with some notable exceptions like the French American Charitable Trust.

Not surprisingly, large funders have invested more significantly in this work over time — for example, the Ford Foundation, the MacArthur Foundation, and the John S. and James L. Knight Foundation. In addition to crucial investments in individual organizations' technology capacity and strategies, larger funders have been more likely to invest in intermediaries and online platforms as part of their strategies to scale impact across a broad swath of the nonprofit sector.

## 6. Mobile: A Missed Opportunity

Our convenings and interviews with funders and leading TSPs pointed to the opportunities for historically underserved communities to have outsized impact using mobile strategies to enhance their programs and campaigns. Numerous studies by the Pew Research Center and others have documented the high rate of mobile use by youth and communities of color — key populations for social equity grantmaking.

Yet, this work is vastly underexplored and underfunded domestically. Funders supporting initiatives in Africa, Latin America and Asia are familiar with dramatic examples of engagement by under-resourced communities via mobile phones — from Ushahidi and Frontline SMS to DatAgro and beyond.

“We’re doing about 90% of our work with community-based organizations outside the U.S. because — except for a handful of funders — there just isn’t substantial support for this work here yet,” said Katrin Verclas, Director of MobileActive, a leading TSP in the mobile space.

In the U.S., the majority of use cases by nonprofits have been by “grasstops organizations” — national and well-resourced — working on civic participation/get out the vote campaigns. More youth organizations and public media projects are getting involved, but it is rare for a truly community-based organization to initiate a program-related strategy involving mobile.

We did find an exciting number of under-resourced nonprofits making use of free digital and social media tools — unfunded, just figuring it out on their own. But there are technological and capacity barriers keeping them from making the jump to initiating mobile projects — this despite the fact that more than 90% of their constituents are holding these almost-always-on devices.

## 7. Strategies for Impactful Investment Unclear

Despite a great degree of reported interest, funders indicated significant uncertainty around best practices for investing in nonprofits’ use of technology for social outcomes: 38% of online survey respondents cited “strategies for impactful investment not clear” and 23% cited the “need for more proof of successes, case studies” (see chart on page 4 on “barriers”).

Related questions we frequently heard:

- Is social media really a strategic investment or a lot of hype?
- What actual social outcomes can one expect, versus simply greater Web traffic?
- What are proven grantmaking strategies?
- Which intermediaries provide the right services for TA to one’s grantees?
- Who are trusted funder advisors?

These concerns are not surprising for such a new and relatively under-resourced field. The findings point to the need for increased investment in “field building” and “funder education and engagement activities,” as detailed in the “Recommendations” section.

## CHALLENGES

### 1. ROI, Measurement & Getting Beyond “More Traffic”

Many funders expressed skepticism that tech-related activities such as social media resulted in programmatic impact or were capable of helping nonprofits to mobilize. One funder captured this well, saying, “We may see lots of online traffic and ‘fans’ but it doesn’t mean they’re using this strategically or have moved their mission.”

Isolating cause and effect for any investment is difficult, and few would argue that media or technology strategies alone might be responsible for making social change. That said, there are ways to measure and evaluate any social phenomenon, including narrative methods.

More support is clearly needed for the development, refinement and promotion of appropriate measurement, documentation, and evaluation tools. As mentioned in the previous finding, there is also a great need for documentation and dissemination of community-driven successes using new communications technologies.

### 2. Competing Funding Priorities

Our survey on barriers to investment yielded a 61.5% reply citing “competing funding priorities.” This was the second highest response to our survey question on the subject — a sobering result when paired with the 23.1% citing “larger economic context, limited new investments” as a key barrier (see chart on page 4 on “barriers”). Here we have a wide pool of funders expressing serious concern about the availability of funds for grantmaking in this arena.

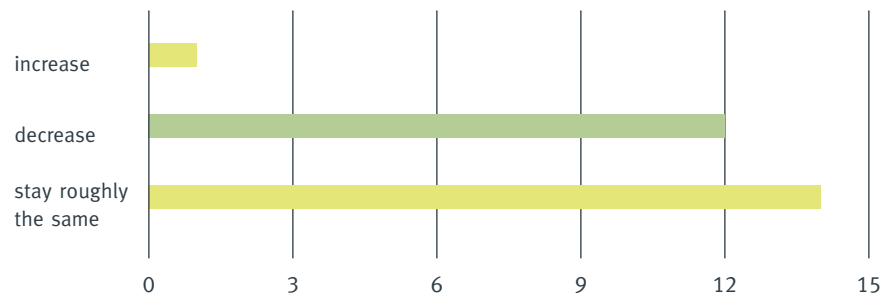
Several funders noted the difficulty in making the case for “new” investment in a time of perceived scarcity and retrenchment. In part, this suggests the need to reframe the “newness” of tech-related grantmaking as an “opportunity to leverage existing investments.”

Beyond this semantic turn, there is the need for more substantive strategies that (a) maximize the efficiency of existing investments, and (b) increase the flow of money into the sector from new sources. (See the “Recommendations” section for participants’ input with regards to these challenges.)

### 3. Future Funding Trends: Conflicting Data

Forty-four percent of survey respondents indicate their tech-related investments are due to increase over the next three years. Only one respondent indicated their investments would decrease. Yet, this appears to conflict with the results mentioned in the previous section, where 61.5% cited “competing funding priorities” as a key barrier to investment.

**Over the next three years, do you expect your foundation's investment in this area to:**



If the strong projections for increases in funding prove even reasonably accurate, they suggest a great need for funder education and advising in the coming years — especially when paired with the survey findings of “lack of staff familiarity” and “uncertainty around grantmaking strategies.”

#### 4. Strengthening the TSP (Technology Service Providers) Ecosystem

Both funders and TSPs agree that there’s a great unmet demand by nonprofits for tech-related services. The participating TSPs roundly acknowledged that providing such services to the nonprofit sector is resource intensive and perennially under-funded by foundations. They noted that many funders seem to still think of improving the technology capacity — and changing the culture — of the nonprofit sector in the mode of funding a discrete event, like a training for grantees, or as a one-time hardware purchase.

In fact, like any social sector, the TSP sector is a heterogeneous ecosystem comprised of local, regional, national and global providers. It needs to be funded with a robust and diverse approach that acknowledges the many layers and different needs.

Service provider and funders identified other notable gaps in the TSP sector:

- Services to low-income community members not engaged with nonprofits or social services
- Certain regions lack service provider hubs, rely on only “distance” support by national TSPs
- Limited staffing by “techies of color” and underserved communities receiving TSP services
- Minimal curriculum and training on developing mobile/texting strategies for programmatic use

## 5. Messaging Makeover Needed: “Don’t Lead with Tech”

Funders frequently cited the need for new messaging and framing in order to get beyond the choir of IT staff and those foundations already supporting grantees’ use of technology for social impact. One community foundation program officer advised, “Don’t call it tech, people’s eyes glaze over and they check out.” Another funder suggested, “lead with examples of social impact, ideally in their program area, and show how tech played a role in it.”

This second quote fits with several TSP participants’ articulation of technology’s role in change-making — as a strategy and tactic that is most successful when it flows from, and responds to, the particular characteristics of the users, their end goals and objectives. Needed is a reframing that emphasizes the effect technology tools can have in leveraging nonprofits’ other resources for social outcomes and equity.

## SYSTEMIC CHANGE

### 1. Shifting the Culture of Philanthropy

Funders and TSPs alike noted the need for many foundations to embrace a culture of greater openness to experimentation and emerging strategies to keep pace with technology innovation and advancements. Several participants noted that this cultural shift should embrace more than “what we fund,” it should also include shifts in “how we fund.” One example is how several community foundations are including crowdsourcing as a technique to gather more robust information on regional priorities for their grantmaking.

### 2. Wanted: A “Community of Practice”

The main suggestion for strengthening the sector was “increased funder education and engagement activities” that foster a “community of practice.”

Respondents cited various funder education resources for tech-related grantmaking and participants generally rated the offerings as helpful. They singled out the Media Democracy Fund, Northern California Grantmakers, The Case Foundation, Grantmakers in Film and Electronic Media, the Council on Foundations, and The John S. and James L. Knight Foundation.

However, most participants were largely unfamiliar with these offerings. Some of those familiar with them noted that the efforts are dispersed and not scaling widely. One regional funder commented: “No one is providing the focus on strategies in regards to underserved communities, or the

needed continuity to foster a true community of practice. We need a dedicated initiative that’s resourced — like the NextGen initiative — since this also cuts across all of philanthropy.”

We heard a frequent refrain that there is the need for a trusted “go to” resource for funders interested in supporting this work — this despite the current popularity of more networked approaches to information sharing and problem solving.

### 3. Correct the Policy Disconnect

Despite not being an explicit focus of our inquiry, a number of funders identified the need to popularize the connection between communities’ use of technology and the government policies that shape our experience of those technologies. Whether the openness of the Internet, known as Net Neutrality, or the fostering of universal and affordable access to high speed Broadband, funders identified these structural issues as requiring increased attention from funders.

In addition to the suggestion to actively monitor government funding of tech-related activities, participants cited the following three items as worthy of further exploration:

- Ensuring universal and affordable broadband access
- Guaranteeing an open Internet and linking this to underserved communities’ concerns
- Eliminating structural barriers to technology innovation in the public interest

For further discussion of these three items, please see the “Policy” section of the “Recommendations,” on page 22.

## Recommendations

Our research surfaced a number of valuable suggestions by funders and TSPs to amplify social impact with technology-related grantmaking. A core premise driving all of these items is that a greater quantity of funds must be invested to ensure a higher quality of grantmaking and nonprofit outcomes.

Taken together, the suggestions point to a meta-recommendation: strengthen the philanthropic ecosystem and community of practice around technology-related grantmaking in order to support nonprofits’ use of technology for social impact. Our findings suggest that this is an emerging and under-resourced sector that requires significant field-building investment.

Three suggestions were identified as the most important for strengthening the sector:

- Increase funder education and engagement activities
- Strengthen funder advising offerings
- Expand the pool of investment

Six additional suggestions are also described below, including strategies for enacting them:

- Maximize existing investments
- Foster a more technology-fluent foundation culture
- Clarify and strengthen the Technology Service Provider (TSP) ecosystem
- Invest in mobile as a key opportunity to engage youth and the underserved
- Invest in technology leadership by underserved communities
- Increase awareness of media and technology policy issues

#### INCREASE FUNDER EDUCATION & ENGAGEMENT ACTIVITIES

As mentioned in the “findings” section, a great number of funders identified “increased funder education and engagement activities” as their top suggestion for strengthening the sector.

While acknowledging the existence of such activities, participants cited the need for much more robust and widely-promoted offerings, such as:

- Knowledge Building: case studies, “how to guide” for funders, state of the field reports
- Online: regular blog posts, tweets, video clips, updated resource lists, discussion fora
- Briefings: online and in-person with issue-based and regional affinity groups
- Conferences: sessions, delegations, pre-conferences, mixers, hands-on-workshops

Additionally, participants cited the need for a robust engagement strategy, including a strategic communications component, in order to get this information beyond the existing choir of funders supporting technology for social impact.

Funders identified the development of new partnerships as a crucial element of success, including frequent and pro-active engagement with a wide spectrum of affinity groups. One funder suggested, “Go where the funders are. It’s basic Organizing 101. Don’t make them come to your ‘technology conference’ or ‘track’ at COF. Show up on a Grantmakers in Health panel and show projects with health impacts . . . using texting for info on STDs and reducing infection rates.”

## STRENGTHEN FUNDER ADVISING OFFERINGS

The second most frequent recommendation for increasing investment was to strengthen offerings that can assist funders in moving along the path from initial inspiration and education to making the case at their foundation, designing and implementing a grantmaking program, and evaluating and refining their investments.

This makes sense in light of our findings of high “funder interest” but “limited staff familiarity” and a lack of clarity around “strategies for impactful investment.”

Not surprisingly, advising was identified as a particularly strong need by smaller and mid-sized funders, who, by definition, have fewer in-house staff and less opportunity to bring on new hires more familiar with tech-related issues. Funders across the spectrum, including very large ones, identified the need for more visible and thorough resources to foster best practices for portfolio assessment, grantmaking program design and implementation, evaluation, etc.

It should be noted that, just as in the realm of funder education, there are existing actors providing services in this space and participants familiar with them rated them favorably — though again, most in our sample were unfamiliar with these providers. Blueprint Research and Design, McKinsey, Aspiration, and BridgeSpan were each cited several times.

Participants identified the following advising-related activities as particularly needed:

- Assessments of grantees’ technology capacity, organizational fluency and needs
- Advising on appropriate grantmaking strategies that respond to grantee needs and goals
- Assisting foundations increasing internal tech-fluency and related organizational processes
- Vendor recommendations and coordination
- Evaluation design, implementation, analysis and reporting
- Collaborative fund opportunities — identifying a third party to aggregate, distribute resources

## EXPAND THE POOL OF INVESTMENT

Participants provided valuable suggestions on how to improve the quality of tech-related grantmaking, but the core take away is that the quantity of investment must greatly increase to advance the shared goals in a meaningful way.

While it is true that a full 50% of survey respondents indicated an “anticipated increase in tech-related grantmaking over the next three years” (see graph on page 11), these results do not make

clear how much investment will be forthcoming. This is especially cause for concern due to related survey findings — 94% surveyed selected either “competing funding priorities” or “limited new investments due to economic context” as a top barrier to increased investment.

Participants proposed the following 6 strategies to attract more investment to this sector:

#### Collaborative Funds: Providing investment vehicles for new funders

This approach has been used to successfully aggregate funds from interested funders who may be sitting out due to limited internal capacity to manage a new area of grantmaking. The collaborative fund provides grantmaking infrastructure, expertise, and due diligence to move the resources effectively. Examples exist by region (Chicago nonprofits), target population served (new immigrants), and by issue area (for example, Media Democracy Fund for media policy).

#### Matching Grant Programs: Incentivizing new investments

This approach has also been successful in engaging small to mid-size funders who may be reluctant to engage due to the perception that their resources are too modest to have an impact. One or more large funders puts up an initial investment promised as a match to double others’ new investment, often resulting in more than double the initial investment because additional funders are drawn to the initiative once they see there is a viable project/vehicle. The Knight Community Information Challenge is an excellent example of this approach, drawing in more than 40 new community-based foundations to fund local news initiatives.

#### Donor-advised Funds: Engaging a tech savvy, possibly less risk averse pool of funders

Several participants suggested pro-actively engaging the robust sector of donor-advised funds in order to augment investments from foundations’ endowments. There is a general perception that these funders are more technology savvy and less risk averse, and thus more likely to get it and be willing to invest in this realm. Certainly there are practical challenges in identifying and engaging such funders, but participants felt this was fertile ground.

#### Government Allocations: Leveraging public sector investments

Government agencies are increasingly allocating resources for technology applications that can increase public participation, whether it’s the Health and Human Services Department regarding mobile and tele-health initiatives, or the Department of Education regarding distance learning. By monitoring governmental allocations and helping generate high-quality applications, the

foundation sector could play a key role in increasing resources for tech-related programs for underserved communities.

One recent and notable example is the stimulus package signed by President Obama, allocating \$7.2 billion to the Commerce Department for broadband deployment and adoption programs focused on underserved populations, including rural and tribal communities. Several foundations engaged with this process to provide the required 20% match for applicants, successfully leveraging their resources to free up tens of millions of dollars more for community investment. Funders who participated in this process or supported grantees to do so include the North Star Fund, the Bill and Melinda Gates Foundation, the Benton Foundation, the Media Democracy Fund, ZeroDivide, Blandin Foundation, National Black Programming Consortium, and the California Emerging Technology Fund.

#### Corporate Philanthropy: Maximizing untapped potential for partnerships

Many corporations in the United States have a track record of philanthropy, and due to their organizational cultures, may be more technology-fluent than the average foundation. Participants urged a more intentional approach to corporate sector partnerships, encouraging both financial contributions and in-kind expertise.

#### Explore Community Benefits Agreements negotiated in the public interest

In California, over the last 12 years, more than \$100M has been distributed to nonprofits based in underserved communities for their tech-related activities. This funding resulted from conditions placed by state government on the mergers of telecommunications companies, and has been administered by three different foundations — California Consumer Protection Fund, California Emerging Technology Fund, and ZeroDivide.

Also, there are several notable instances of state-level Attorneys General arranging large settlements with corporations that have resulted in funds dedicated to “harmed” communities. For example, in New York State in 2007, then-Attorney General Eliot Spitzer settled a suit for \$36M with 4 record companies and 2 broadcasters. This money was granted to media and arts-related nonprofits by an independent foundation.

Several participants cited the value of documenting these precedents and informing fellow foundations, state-regulators and public advocates of such opportunities.

## MAXIMIZE EXISTING INVESTMENTS

**Make the Case: Pro-actively frame technology capacity investments as opportunities for increased efficiency, leveraging of prior investments**

The participating TSPs affirmed that investments in nonprofits' technology capacity generally result in outsized gains in visibility and resource savings in relation to the upfront investment. This finding suggests there may be value in reframing philanthropic investments as a pro-active strategy “to leverage previous and existing investments” by making use of new efficiencies that technology tools can provide.

More data and anecdotes are needed to show how nonprofits can “do more with less” using technology in creative ways. As an example, see the February 2011 article in [Philanthropy.com](http://Philanthropy.com) (<http://Philanthropy.com>) entitled “How a Small Nonprofit Made Simple Tech Tweaks and Saved \$176,000.”

**Increase the reach with refined grantmaking approaches**

This recommendation might be thought of as “doing more with the same” for funders who are already supporting their grantees with some form of technical assistance or capacity building.

One suggestion is to ensure that curriculum and training on technology strategies are woven through existing technical assistance and capacity building initiatives.

A related recommendation is for funders to partner in sharing grantee learning cohorts. The efficiencies gained by aggregating a larger group of grantees, ideally with the same programmatic focus (e.g immigrant rights) can help offset the added cost of incorporating new tech curriculum and/or trainers — and also foster a more robust learning community.

## FOSTER A MORE TECHNOLOGY-FLUENT FOUNDATION CULTURE

Participants identified one of the top barriers to increased investment as “limited staff expertise and the need for a different organizational culture.” This recognition reflects the understanding that in order for funders to be responsive and impactful, there must be fundamental change in the way their organizations relate to technology.

But what is this technology-fluent culture? And what are the pathways for an organization that can surmount the barriers and support the programmatic technology needs of nonprofits?

A 2010 study by the Mitchell Kapor Foundation and ZeroDivide, examined the factors that determine an organization’s technology fluency. Entitled “The Role of Technology in Advocacy Organizations: A Portfolio Landscape Assessment,” the participants consisted of nonprofit advocacy organizations, but the results are instructive nonetheless. (Please see Appendix E for a list of these nonprofits.)

The study found that (a) the strongest determinant of an organization’s technology fluency was whether it had a leader actively encouraging change in the internal culture, and (b) that leaders advocating change related to technology share three characteristics:

- They are comfortable learning about and using new technology;
- They hire tech-savvy staff members that share the same characteristics.
- They understand the technology value proposition and how its strategic use can help advance their organizations’ mission.

Note that neither the leader’s age nor the size of the organization were found to be determinative — it is largely the openness and commitment to culture change that are most important. This tracks with comments at our TSP convening by Allen Gunn, Executive Director of Aspiration. He cited their experience advising both nonprofits and funders, which suggests that the main factor in an organization’s success developing impactful technology strategies is that they look at the matter holistically, in the latter stages of a broader organizational development process — first assessing organizational objectives, assumptions, workflows, and decision-making and roles.

## **CLARIFY & STRENGTHEN THE TECHNOLOGY SERVICE PROVIDER (TSP) ECOSYSTEM**

Approximately 30% of survey respondents identified the lack of clarity of the nonprofit technology service provider landscape as one of the top three barriers to increased investment in this work. In our funder convenings and interviews, participants described a “muddy landscape” needing “greater rationalization” — one in which numerous vendors provide overlapping services to nonprofits, some provide very discrete elements, and still there appear to be a number of gaps.

In our San Francisco gatherings, participants suggested the creation of a visualization of the TSP landscape — one that is interactive and updateable — showing offerings by region and type of service. Funders felt that this would be an important step in fostering increased investment in this provider ecosystem, and would be a valuable resource for connecting their grantees with service offerings.

## INVEST IN MOBILE AS KEY OPPORTUNITY TO ENGAGE YOUTH, UNDERSERVED

As noted in the “Findings” section, community-driven mobile initiatives for social impact are vastly under-explored and underfunded domestically — this despite the extensive documentation showing that youth and communities of color are the leading demographics in mobile usage.

More youth organizations and public media projects are getting involved, but it is rare for a community-based organization to initiate a program-related strategy involving mobile.

We did find an exciting number of under-resourced nonprofits making use of free digital and social media tools — unfunded, just figuring it out on their own. But there are technological and capacity barriers keeping them from making the jump to initiating mobile projects — this despite the fact that more than 90% of their constituents are holding these almost-always-on devices.

A strong percentage of previous technology innovation funding has gone towards developing platforms which can then be used by many nonprofits. While this can be a strategic way to leverage modest resources for maximum reach, it also can mean that the tools are not responsive to the unique needs of a community — and thus, may not get much uptake.

Two notable examples of community-driven technology innovation projects point to the possibilities and best practices for both grantees and grantmakers:

- Mobile Voices/Voces Moviles — an online platform created by the members of IDEPSCA, immigrant and/or low-wage workers in Los Angeles, that features stories they post directly from their lower-end cell phones about their lives and communities.
- Silicon Valley Community Foundation’s “Immigrant Integration” initiative — an interactive application for low-tech mobile phones to provide information and resources to community members regarding legal services, job search, health access, social services and more. The technology is being designed by an SVCF-funded cohort of immigrant rights organizations, legal providers, social service providers, and faith leaders that have worked together on numerous projects and now are collaborating with a team of nonprofit techies.

These examples point to an emerging model of grantmaking that combines capacity building, TA (Training Assistance) and programmatic funds for community-driven technology innovation projects. Funders support a capacity building partnership between TSPs and a cohort of community nonprofits, which result in an invitation to submit a joint proposal for a program-related technology project driven by community goals and needs.

A number of exciting projects embody elements of this emerging approach:

- Beth Kanter’s intensive nonprofit cohort by Packard Foundation
- The Circuit Riders part of Knight Foundation’s Community Information Challenge
- Aspiration’s Nonprofit Software Development Summit
- MobileActive’s capacity and project development intensives with nonprofits

The good news is that a growing number of funders — small, but growing — are pushing the envelope of technology innovation grantmaking, with initiatives like those above, as well as ones with more of a challenge or contest format (for example, the French American Charitable Trust, Instructional Telecommunications Foundation, and the Vodafone Americas Foundation).

It is our hope that this brief treatment of this exciting and emergent area of grantmaking will spark funder interest and investment, and help make the case for further curriculum and training offerings on “mobile for programmatic impact” by TSPs.

#### INVEST IN TECHNOLOGY LEADERSHIP BY UNDERSERVED COMMUNITIES

Both TSP and funder participants noted that people of color and individuals with disabilities are vastly under-represented in the technology industry, including the staffs of the main nonprofit technology service providers. Despite increased commercial investment in marketing to these communities, there has not been a significant investment in the professional development of community members.

In our conversations, TSPs affirmed the importance of staff diversity in strengthening their organizations and partnerships with community-based organizations, yet they also acknowledged difficulty in making much headway to increase such staffing. With 50% of funders reporting that they will be increasing investment in tech-related activities over the next three years increasingly with underserved communities, it’s time to address this issue.

One promising initiative is the nascent “Techies of Color Network” for nonprofit practitioners, run for several years by volunteers who have conducted a modest set of professional development and networking activities. (Full disclosure: the project’s current volunteer Chairperson is Amro Radwan, Manager of Technology at ZeroDivide.)

Participants have expressed an interest in an expanded set of activities, including skills trainings, mentoring and pipeline programs, job bank and placement services, grantee matching programs, professional networking opportunities, and fellowships. For such a project to move beyond sporadic

activities and be able to scale across the sector, there is a need for dedicated staffing to provide planning, implementation, outreach and more.

Fortunately there are precedents for foundation-supported initiatives to strengthen the hiring, professional development, and leadership by under-represented communities in the funder and nonprofit sectors. Support for such initiatives would benefit both TSPs and techies, as well as the broader nonprofit sector and communities we all serve.

### INCREASE AWARENESS OF MEDIA & TECHNOLOGY POLICY ISSUES

A number of funders in the convenings identified the need to popularize the connection between communities' use of technology and the government policies that shape our experience of those technologies. Whether the openness of the Internet, known as Net Neutrality, the fostering of universal and affordable access to high speed Broadband, or the emerging mobile/wireless landscape, funders identified these structural issues as requiring increased attention.

High-quality funder education resources do exist in this area, including offerings by the Media Democracy Fund, Benton Foundation, Grantmakers in Film and Electronic Media, and the Blandin Foundation — as well as the websites of an entire network of nonprofit advocates, aggregated through the Media and Democracy Coalition.

Participants cited the following three policy-related items as worthy of increased funder attention:

#### Ensuring universal and affordable broadband access

Among a number of strategies, the most commonly mentioned was reform of the Universal Service Fund (USF). The USF was created in 1997 “to increase access to advanced telecommunications services throughout the Nation” because most phone companies deemed it unprofitable to wire rural areas for service. The Fund disburses approximately \$8B each year to ensure phone service for communities in need.

Consumer and civil-rights advocates are working to get the USF reclassified to include Internet service, to reflect the current reality of the Internet as a baseline communication service required for civic participation — just as the telephone was back when the Fund was created.

Reclassification is seen by these advocates as a crucial opportunity to foster social equity and universal service in an Internet age. It is a practical approach to securing needed financial resources in support of all communities' access to affordable Internet service.

## Guaranteeing an open Internet and linking this to underserved communities' concerns

Net Neutrality is the principle that all information moving across the Internet should be treated equally by telecom operators. Many cite this free flow of information as the necessary characteristic that enabled the success of the Internet. But several years ago, under the Bush administration, the legal protections that ensured Net Neutrality were removed — leaving the door open for telecom providers to “discriminate,” to decide whether to “treat all bits as equal.”

While the FCC did vote in late 2010 to enact limited Net Neutrality protections for wireline Internet users, consumer advocates are especially concerned by the exemption granted to wireless communications. Advocates argue that such a distinction will disproportionately harm low-income consumers and communities of color, who have been shown to be more reliant on wireless/mobile devices for Internet access.

## Eliminating structural barriers to technology innovation in the public interest

As noted earlier, mobile deployments by community-based organizations in the United States are modest compared with activity in many developing countries. While we noted the limited funding for such initiatives in the U.S., one must also acknowledge that there are numerous regulatory barriers to more robust use. This is also the case in the realm of spectrum allocation, or the availability of frequencies for wireless innovation.

With the future of communications moving to the cloud and wireless devices, it is imperative that funders and advocates become more educated and engaged about the role of policy and regulation in expanding — or closing — opportunities for universal access and participation.

## Conclusion

Our findings make clear that funders are interested in increased funder education and advising to assist them in supporting nonprofits' tech-related activities towards social outcomes. It is also clear that far more significant investment is needed in the nonprofit sector in order to leverage the opportunities that new technologies provide for programmatic work.

The potential is great, the need is high but the funding is still quite modest.

We hope that foundations and policymakers interested in strengthening social impact use these findings to inform their strategies and future research. Increased and sustained attention to this field of grantmaking is needed to ensure that the nonprofit sector keeps pace with the opportunities new technologies can provide to leverage organizational and community assets for social benefit.

## Appendices

### APPENDIX A: PARTICIPANT LIST

#### Funders:

Adobe Foundation	National Black Programming Consortium
Bill & Melinda Gates Foundation	New York State Council on the Arts
Blue Shield of California Foundation	North Star Fund
California Consumer Protection Foundation	Open Society Institute
California Emerging Technology Fund	Overbrook Foundation
Carnegie Corporation of New York	Pacific Foundation
Case Foundation	REDF
Common Counsel Foundation	Robert Wood Johnson Foundation
Charles Stewart Mott Foundation	Rockefeller Brothers Fund
David & Lucile Packard Foundation	Sacramento Region Community Foundation
East Bay Community Foundation	San Francisco Foundation
Ford Foundation	Sierra Health Foundation
French American Charitable Trust	Silicon Valley Community Foundation
Full Circle Fund	Telluride Foundation
Instructional Telecommunications Foundation	The California Endowment
John S. & James L. Knight Foundation	Vodafone Americas Foundation
Kaiser Family Foundation	Wallace Global Fund
Marin Community Foundation	Walter & Elise Haas Fund
Meyer Foundation	Women's Foundation of California
Microsoft, Community Affairs	ZeroDivide
Mitchell Kapor Foundation	

#### Nonprofit Technology Service Providers (TSPs)

Aspiration	New Organizing Institute
BAVC — Bay Area Video Coalition	NTEN — Nonprofit Technology Education Network
Craigslit Foundation	NPower
Fission Strategy	TechSoup Global
Idealware	The Stride Center
MobileActive	The Transmission Project

## APPENDIX B: DEMOGRAPHIC BREAKDOWN OF FUNDERS PARTICIPATING IN ONLINE SURVEY

28 of the 51 Total Funders in the Report

### Size/Grantmaking Budget (2008 grants)

- Under \$6m (12)
- \$6m–\$20m (5)
- Above \$20m (8)

### Geographic Reach

- Regional (12)
- National/U.S. (8)
- International (5)

### Role at Foundation

- Executives: CEO or VP (11)
- Program Officer (14)

Note: We intentionally did not include CIOs, technical staff or communications staff in this survey. This survey focused on programmatic grantmaking around technology, not foundations' own internal technology use (IT, databases) or external (communications or social media). For information on those other areas, please see the Technology Affinity Group (foundations' internal tech use) and The Communications Network (foundations' communications work, including social media).

## APPENDIX C: LITERATURE REVIEW

To inform the project’s design and main topics of inquiry, we conducted a modest review of the existing literature on nonprofit and community technology use, and on grantmaking involving media and technology. We read numerous reports and surveys, and also monitored several blogs and other online sources on these topics.

Easiest to find were blog posts addressing different aspects of social media use by nonprofits, individuals and funders. Yet few of these went beyond strategies for increasing visibility or fundraising to address integration into programmatic initiatives. A worthwhile exception is *The Networked Nonprofit*, by Beth Kanter and Allison Fine.

We did find several useful reports on how international nonprofits and domestic public media projects employ advanced technology strategies for their mission-related goals (by MobileActive and Knight Foundation respectively). We also found valuable reports addressing nonprofits’ core technology capacity and usage, with an operational focus — but none specifically addressing underserved communities or the use of newer technologies for programmatic efforts.

Our review turned up two notable surveys on the grantmaking side of things: the Knight Foundation’s “The State of Funding to Address Community Information Needs Among Community Foundations” and the survey by Grantmakers in Film and Electronic Media entitled “Funding Media, Strengthening Democracy: Grantmaking for the 21st Century.” This report makes a number of excellent recommendations to funders who want to remain relevant as the media and technology landscapes shift.

“Funding Media” takes a broad definition of media for its exploration, running the gamut from old media such as radio and documentary film to many of the newer tech-related activities we consider in the present study (for example, social media, mobile and digital media production). “Funding Media” acknowledges itself as a starting point and calls for further studies — both deeper and wider — to inform the growing yet still under-supported realm of media and technology funding.

With this report ZeroDivide takes up the call by focusing on grantmaking that supports nonprofits’ use of these newer tech-related modalities for programmatic impact — with an explicit emphasis on how nonprofits representing underserved communities are being supported.

In conclusion, we found a great deal of helpful information that provided context for the current report, and also affirmed the lack of existing research on the particular topics of most interest to ZeroDivide and a growing cohort of funders.

## APPENDIX D: QUESTIONS ASKED IN CONVENINGS, INTERVIEWS & THE ONLINE SURVEY

### Questions asked in convenings and interviews:

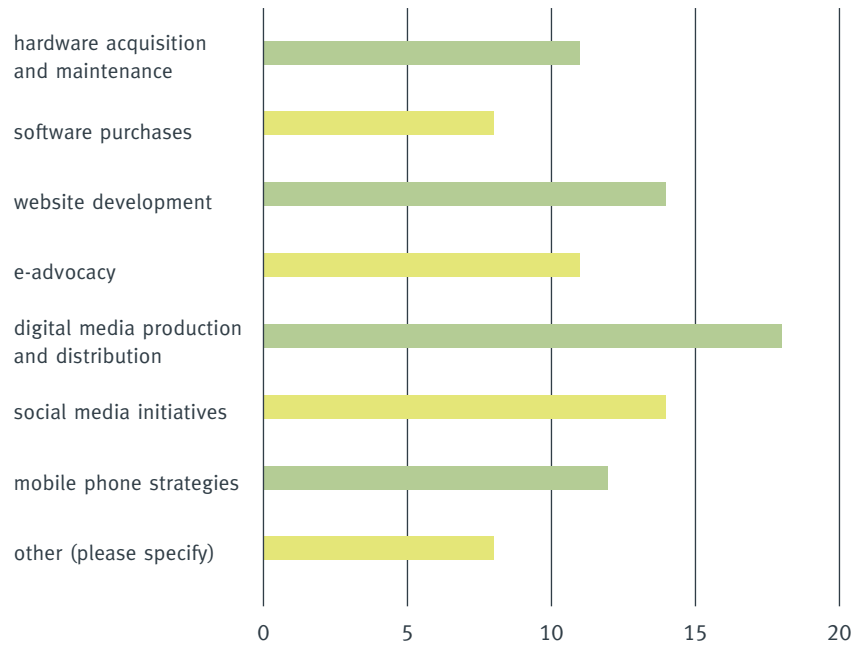
1. Share notable examples:
  - your grantees' use of technology for social impact
  - your grantmaking strategies to foster grantees' innovative usage of tech
  - other foundations
2. Barriers to increased philanthropic investment
3. Suggestions for overcoming these barriers

### Questions asked in online survey: (for results as graphs, see Appendix D)

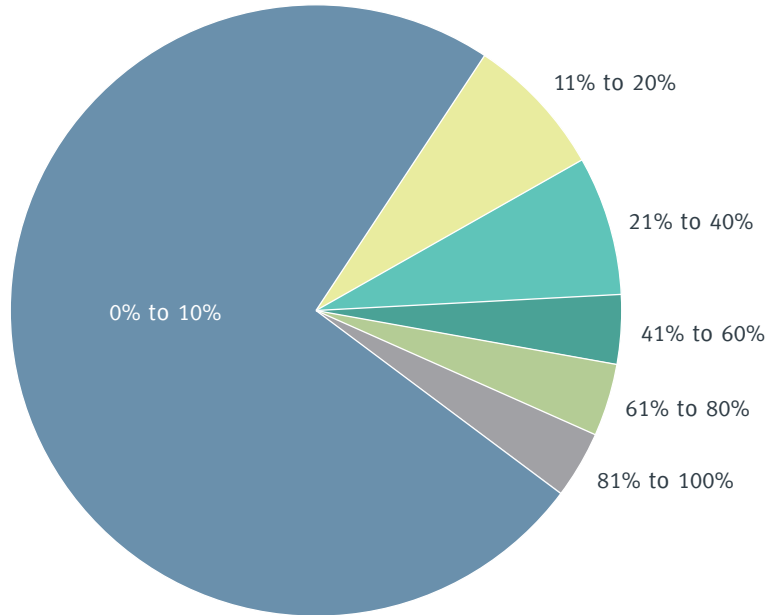
1. What kinds of tech-related activities by grantees is your foundation supporting?
2. What percentage of your foundation's overall grantmaking goes toward tech-related grantee activities?
3. What percentage of this tech-related grantmaking is specifically to nonprofits representing historically disadvantaged communities?
4. What are the three main barriers to increased investment in NPO use of technology for social impact/programmatic use?
5. Which resources are proving valuable to your foundation on these issues?
6. Who is responsible for planning and coordinating tech-related grantmaking for your foundation?
7. Over the next three years, do you expect your funding in this area to: Increase, Decrease, Stay
8. Any additional comments or suggestions?

APPENDIX E: RESULTS FROM ONLINE SURVEY (AS GRAPHS)

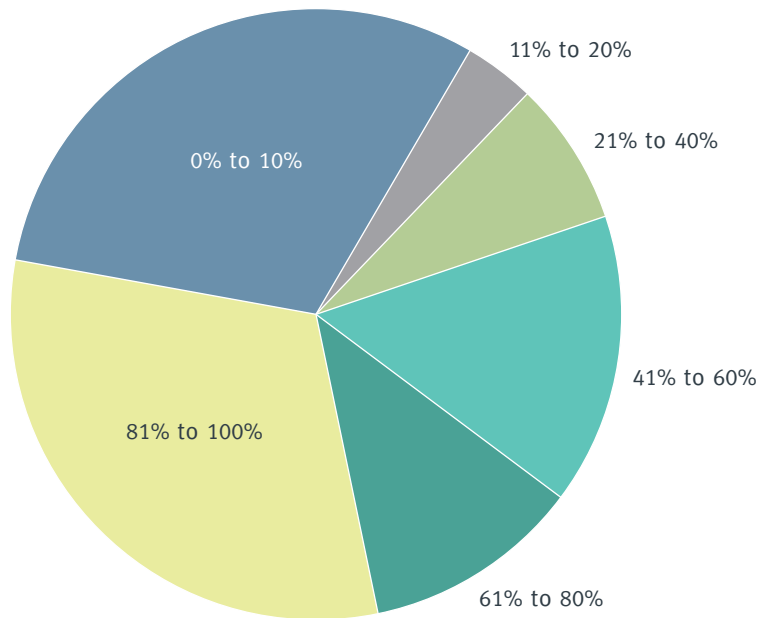
**What kinds of tech-related activities is your foundation supporting?  
(please check all that apply)**



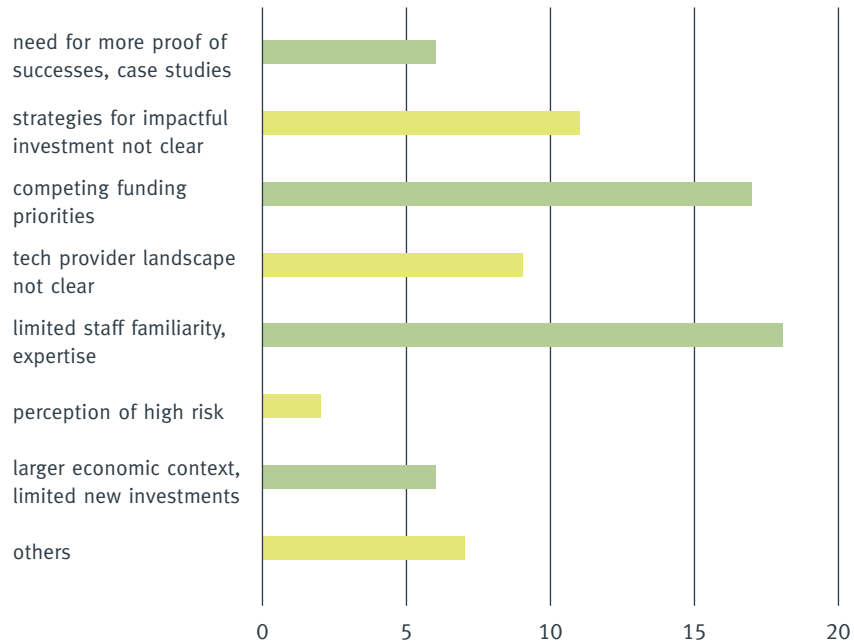
**What percentage of your foundation's overall grantmaking would you say goes toward tech-related grantee activities?**



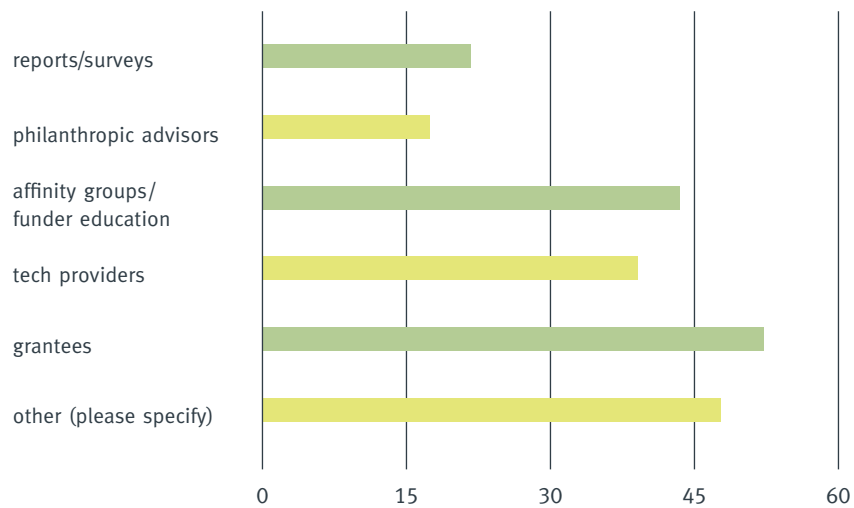
**What percentage of this tech-related grantmaking is specifically to nonprofits representing historically disadvantaged communities?**



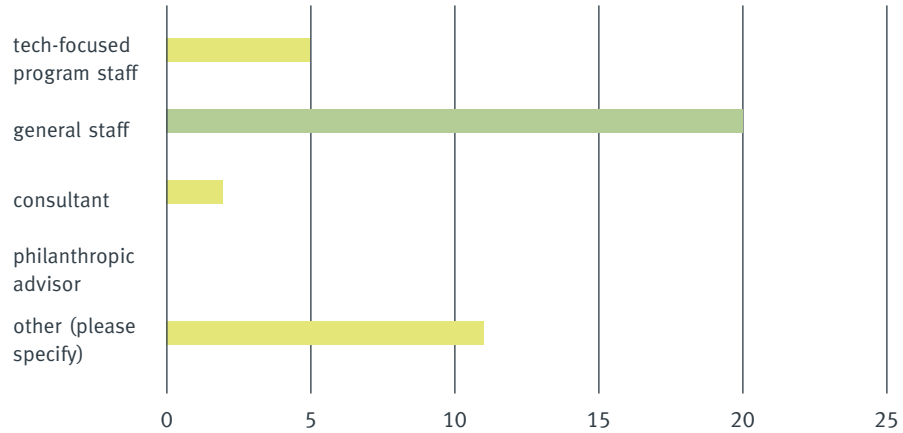
### What are the three main barriers to increased investments in NPO tech activities for social impact/programmatic use?



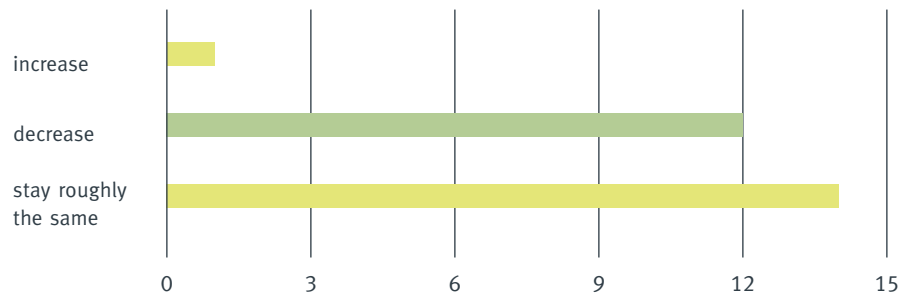
### Which resources are proving valuable to your foundation around NPO tech uses for social impact?



**Who is responsible for planning and coordinating tech-related grantmaking for your foundation? (please check all that apply)**



**Over the next three years, do you expect your foundation's investment in this area to:**



## APPENDIX F: EXAMPLES OF NPOs USING NEW TECHNOLOGIES FOR IMPACT

Below is a list of organizations identified by a cohort of advocacy nonprofits as using technology effectively. The list was generated through interviews conducted with nonprofit grantees of The Mitchell Kapor Foundation and ZeroDivide. It was first published in the report by Tina Lee, “The Role of Technology in Advocacy Organizations: A Portfolio Landscape Assessment.”

American Civil Liberties Union

AllHipHop.com — For their use of social media to mobilize people.

California Academy of Sciences — For the intentionality behind their technology use.

California State Federation of Labor — For their ability to use technology to reach out to broad audiences and influence public debate.

Charity Water — For their use of photography and social media to tell stories and show the public how their work creates change.

Color of Change — For their use of email campaigns that bring together many elements of organizing to activate and mobilize marginalized communities.

Courage Campaign — For their effective use of email campaigns and the fact that they are not afraid to take risks or experiment, as well as for their excellent use of photos and videos to tell stories.

CREDO Action — For their effective use of email campaigns and the fact that they are not afraid to take risks or experiment.

Ella Baker Center — For their effective use of email campaigns.

Family Service Center — For their use of Salesforce.com

Frontline SMS — For their ability to communicate using direct well-crafted messages tailored to specific audiences.

Google Election Center (funded by the Pew Charitable Trusts) — For their polling place location widget that organizations can customize and embed onto their own websites to enhance GOTV efforts.

Hamilton Family Center — For their website, their technology plan and their Executive Director’s blog.

Kentuckians For The Commonwealth — For their use of social media and video.

MALDEF — For their use of geographic information systems (GIS).

MoveOn — For their ability to engage the public, their frequency of contact, and their well-targeted email campaigns that make it easy to respond to calls to action.

National Public Radio (NPR) — For the intentionality behind their technology use.

National Council of La Raza (NCLR) — For their use of geographic information systems (GIS).

New America Media — For their ability to gather information and create dialogue on their website, which has great user-created content integrated throughout and the ease of use of their content upload system.

Organizing For America (OFA) — For their visibility.

Progressive Change Campaign Committee (PCCC) — For their presence on the blogosphere, their ability to move public opinion and mobilization of voters.

Presente.org — For their use of effective email campaigns that bring together many elements of organizing to activate and mobilize marginalized communities.

Reform Immigration For America (RIFA) — For their use of mobile.

Strategic Concepts in Organizing and Policy Education (SCOPE) — For their use of data to advance civic engagement efforts and their use of social values polling.

Sunlight Foundation — For their use of government data.

United Way — For their donor management tool, Microsoft Dynamics CRM.

## APPENDIX G: ORGANIZATIONAL BACKGROUND, ZERODIVIDE

ZeroDivide was founded in 1998 as a result of the groundbreaking advocacy work and coalition building of 134 community organizations during the merger of two telecommunications companies, Pacific Bell and SBC Communications.

ZeroDivide has sought to transform both individuals and communities through the power of information and communications technologies. We believe that through the use of technology, underserved communities will become healthy and vibrant; that great organizations, businesses, and jobs will thrive at the local level; and that community members will become more engaged and influential, and amplify their voices to be heard, to make a difference, and to foster change.

We believe that the digital divide is part of the set of social, economic, political and cultural divides that exist in our society. The “zero divide” is a concept we use to describe the aspirational goal of bridging all these divides by leveraging the power of technology. Achieving this zero divide characterizes both our vision and our mission.

Since our inception, we have invested almost \$50 million to increase economic opportunities and civic engagement in underserved communities through:

- Technology access
- Training
- Content production

ZeroDivide has awarded more than 502 grants to nearly 400 community-based organizations in 41 of the state’s 58 counties. By increasing access to information and communications technology, ZeroDivide’s strategic and community investment partners have improved the lives of thousands in underserved communities.