



VOICES OF THE SECTOR

Remarks from Canadian Charities
and Nonprofits on Digital
Innovation and Transformation

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INTRODUCTION

Every sector has experienced some form of disruption during the pandemic due to the exponential growth of technological adoption. While the nonprofit sector contributes 8.3% to Canada's GDP, the sector has the country's largest gap in the adoption and use of digital technologies. The report [Catalyst for Change: A Roadmap to a Stronger Charitable Sector, published in June 2019](#), highlighted the importance of the government increasing funding and program opportunities to support technological development and innovation in the sector. However, the sector continues to struggle with access and funding for digital technologies. Many charities have outdated technology. Often, they use software or hardware that has been discontinued with no technical support options. Unlike business, the nonprofit sector does not receive dedicated innovation supports from the federal government. As a key partner in the delivery of services to Canadians around the country including those in underserved communities the government of Canada needs a strong nonprofit sector. Investments in technology will result in improved service delivery, allowing more individuals to be reached. The nonprofit sector needs the government to provide long-term investment and support for digital innovation.

Project Overview

To better understand the needs of the sector, Imagine Canada conducted stakeholder interviews. Interviews focused on four main areas of interest: technology, funding, staffing and capacity, and advocacy. For a list of the questions asked to respondents please see the appendix. This report presents those findings in a qualitative data analysis to shed light on the trends and patterns that have emerged in the sector.

Participant groups

- **Members:** organizations who have joined Imagine Canada as a nonprofit member.
- **Non-member stakeholders:** Organizations who are not Imagine Canada members. These organizations were reached through Imagine Canada's Early Alert newsletter after an advertisement was posted asking for organizational experiences related to digital innovation.

DEMOGRAPHIC INFORMATION

A total of 31 organizations were interviewed. To preserve the anonymity of the participants, organizations have been placed into categories based on services they offer (figure 1). The names of organizations will not be included in this report. Respondents ranged in size from small, medium to large organizations. The estimated number of employees ranged from one to 450 which served between 200 to 5,000,000 individuals. Over 50 organizations were contacted for interviews.



Photo: Habitat for Humanity Niagara

Figure 1



FINDINGS

Technology

When asked to identify the technologies or digital innovations the respondents' organization currently used, the most common were computers [Laptops/ PCs/Tablets/ Desktop/Monitors], online collaboration tools [Zoom/Teams/ Slack] and Microsoft Office (Figure 2). When asked to indicate any digital technologies their organization was interested in pursuing, respondents mentioned cybersecurity, online or cloud-based servers and online tools for collaboration. Some respondents did show interest in innovative technologies including machine learning and AI, massive online learning courses, digital game advocacy, mobile applications, and technology to increase accessibility.

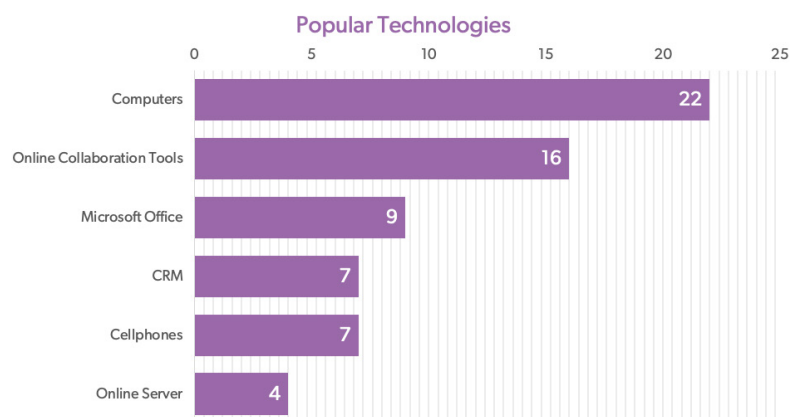


Figure 2

Barriers

When asked to describe the biggest barriers their organization was facing when adopting digital technologies, respondents named three: funding, the cost of digital technologies, and training and education.

Funding

Respondents expressed that there was limited access to funding opportunities to purchase technology and to hire staff and other experts to implement and leverage technology.

The Cost of Digital Technologies

Charities and nonprofits often receive project-based funding which allows them to only invest in the technologies needed for a specific program or project, not the entirety of the organization. Once a grant ends the organization often cannot maintain the technology or staffing requirements. Due to the high cost of technology organizations often cannot invest in optimal technologies. With slim operating budgets, organizations usually focus

on investing in technology that can deliver the best value per dollar, which is often not the latest technology. Other barriers mentioned included the high cost of internet, cellular data, software and the inability to hire staff with the education and expertise to operate specific technologies.

Training and Education

The organizations interviewed expressed interest in learning how to use technology more efficiently and effectively to improve service delivery. A lack of knowledge surrounding how various digital technologies and software interacted was also a common barrier mentioned by respondents as it prevented organizations from developing integrated technology systems for their organization. To counter this problem, three of the organizations interviewed expressed that they had engaged in a digital strategic plan. In most cases the use of a digital strategic plan helped them identify the technologies their organization needed to prioritize to create interactive technology and software systems. All three organizations indicated that the use of a digital strategic plan allowed their organization to operate more efficiently and effectively. These plans, however, would not have been possible if organizations had not received dedicated funding from government and donors.

FUNDING

“Often it seems like the sector is not important enough to have access to supports.”

Some of the respondents interviewed indicated that they had received funding from various bodies including Innovation Science and Economic Development Canada, the government of Alberta and Manitoba, the Toronto Arts Council, and the Canada Arts Council to improve their infrastructure. However, there was a general sentiment that innovation in the sector was not seen as a priority. When asked to describe their organizations experience with existing digital supports, respondents stated that funding is often provided in inaccessible formats such as loans or retroactive payments. When asked to identify any programs or supports they would like to see regarding digital technologies one respondent voiced the need for funders to introduce collective supports which would allow organizations in the sector to apply for supports as a group and distribute funds equitably based on need.

Barriers

Respondents who did have access to funding for digital innovation highlighted the complexity of the application process. As one respondent stated, “CEOs need to understand how to ask for money in a way that appeals to funders, which requires CEOs to know which technologies their organization needs. [Therefore] CEOs need to be strategic.”

Respondents also listed the following barriers:

- **Knowledge.** Funders do not know about the software or technology needed to run an organization. The sector also lacks knowledge of the software and technologies funders are willing to support.
- **Competition and resources.** The funding landscape is highly competitive. Most organizations do not have a fundraising department. Therefore, they may not be able to dedicate time to look and apply for technology funding.
- **Applicability.** Some organizations struggle to find funding due to their scope. National organizations are often excluded from receiving funding from provincial programs.
- **Awareness.** Funders and organizations operate without a complete understanding of the cost of technologies.
- **Access.** Funders do not specifically provide funding for technology. However, there is an expectation for organizations and service beneficiaries to innovate and utilise technology.
- **Scope.** Dedicated funding for digital adoption is often only available for large organizations with multimillion dollar projects. Most charities and nonprofits only need small funding opportunities to manage small scale projects.
- **Duration.** When funding is provided it is usually for a specified period of time. The implementation of digital technologies requires continuous maintenance. Currently, long term funding to pay for ongoing technology costs is not available.



INFLUENCE OF COVID-19 ON FINANCIAL SUPPORTS

“We didn’t follow any [financial supports] because [we] didn’t have the resources. We reallocated internal funding.”

Half of respondents indicated that the pandemic increased access to financial supports to invest in technology. Respondents received funding and in-kind donations from various foundations and governments (McConnell, TELUS, Ministry of Health and the Ontario Trillium Foundation, Red Cross, United Way, IBM, the Governments of Alberta and Manitoba) that allowed them to upgrade existing technological infrastructure. However, most of the funding was not specifically for technological innovation.

When asked what programs or supports they would like to see regarding digital technologies, respondents indicated the following:

- Small scale grants for training and education to develop tech stacks or digital strategies, cybersecurity awareness, technology best practices and tools to implement community learning.
- Funding for data collection (i.e., the use of salesforce).
- Funding for internet and cellular data, equipment, license upgrades and to hire tech-versed staff.
- Offsets or subsidies for investing in technology and hiring technological consultants.
- Centralized funding networks with universal processes and forms
- Policies and regulations to promote data privacy.
- Operational funding to digitize work.
- Programs to connect charities with volunteers that can lend their expertise.
- The creation of networks to allow organizations to ‘farm out’ work to those with specialized expertise.



Photo: Dress For Success Orillia & Barrie

STAFFING AND CAPACITY

Among respondents, the use of digital technology has positively benefited staff by increasing efficiency, allowing staff more time to dedicate to other tasks. The use of technology has also positively affected staff retention by expanding recruitment zones and allowing for flexible work hours. On the other hand, technology negatively affected retention due to the challenges of understanding how to use technologies, and the social isolation caused by remote work. One respondent located in northern Canada indicated that the digital divide had negatively affected staff because of poor internet and phone access.

Three quarters of respondents indicated that they saw a need to recruit new technology versed staff. However, less than fifty percent of those respondents indicated that they would recruit a staff member to solely overlook their technology needs such as a salesforce administrator, IT manager or a digital communications manager. Instead respondents indicated that they would use an outside consultant or integrate the role within another position.



Photo: Dancing with Parkinsons

ADVOCACY

Almost sixty percent of respondents (Figure 3) interviewed indicated that they have not participated in any advocacy efforts related to digital innovation. Of the respondents that did engage in digital advocacy their activities focused on digital safety and the prevention of cyber violence, digital literacy and increasing the accessibility of technology for vulnerable populations. Given the importance of digital transformation and innovation as a policy priority for many in the nonprofit sector, respondents were asked to indicate possible advocacy initiatives they would like to see Imagine Canada take on. Of the responses received the following advocacy areas were mentioned:

- Funding to support the leasing of technology instead of purchasing
- Identifying opportunities for collective funding
 - Collective funding rather than competitive funding would distribute funding among recipients in an equitable manner based on each organization's technological need.
- Continued advocacy for core operational supports.
 - Sustained multiyear operations funding
 - Grants specifically related to technology
- Resource list with programs and funders
- Cybersecurity
- Net neutrality
- Access to affordable internet and cellphone rates
- Digital safety and reducing online hate crimes
- Workshops and resources to bridge the educational gaps surrounding technology and software
 - Workshops to increase digital literacy
 - Opportunities to test new technologies
 - Tools to identify accessible, low cost or free tools
- A list of technology companies in Canada to encourage nonprofits and charities to work with Canadian companies.

Together with the sector, Imagine Canada has an opportunity to use our collective voice to deliver a strong message in support of broadening access to innovation supports for charities and nonprofits. Overall, there was significant interest in Imagine Canada stewarding the path for the sector to become digital leaders.

Percentage of Respondents Engages in Advocacy

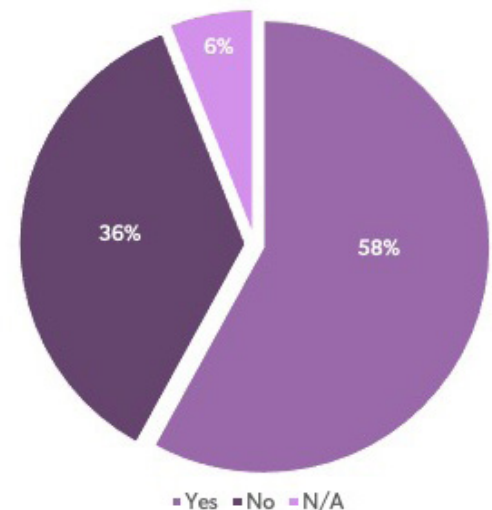


Figure 3

APPENDIX - INTERVIEW QUESTIONS

Technology

What technologies or digital innovations does your organization currently use?

- Has the use of these technologies been influenced by the Covid-19 pandemic?

Are there any digital technologies that your organization is interested in pursuing?

- How would these technologies improve your organization's service delivery?

What is your organization's biggest barrier to adapting digital technologies right now?

Funding

Does your organization currently have access to financial supports or programs related to technological innovation?

- If so, can you tell me about your organization's experience with existing digital supports?
- If not, what barriers have prevented your organization from accessing supports?

Have covid supports reduced access to financial supports or programs related to digital innovation?

Are there any programs or supports your organization would like to see regarding digital technologies?

Staff/Capacity

How will the use of digital technologies affect your staff?

Need for training and education programs?

Will it affect the retention of workers?

Is there a need to recruit new technology versed staff?

Advocacy

Has your organization participated in any advocacy efforts related to digital innovation?

Are there advocacy initiatives you would like to see Imagine Canada take on?