



Driving digital change for digital beneficiaries

Empowering nonprofit organizations to transform and accelerate social impact

Make digital changes to make a real difference

What's your digital reality?

Digital transformation is fast becoming a priority for nonprofit organizations and the social sector as a whole. If traditional nonprofits elect not to transform, their role could be eroded over time by new digital nonprofits — exactly as we see in the for-profit space.

Beneficiaries may not always be able to choose where support comes from, but foundations and donors can and, in most cases, the money will follow the best experience on offer. Not to mention the benefits of increased transparency, program efficiency and the ability to measure impact delivered through digital transformation.

But what does digital transformation mean to you? How far along the journey do you think you are? And how prepared are you for a step change?

Digital transformation isn't just about having the right technology in place—it's about becoming a digital organization. It's a shift in processes, practices, and mindset—and it requires executive sponsorship, analysis, and planning to go beyond the benefits of new software and digitized systems.

For a nonprofit organization, this can seem a daunting prospect, but that's exactly why digital transformation is so necessary. The pain of staying the same is now greater than the pain of change – and doing nothing could be detrimental to your survival. You have to be hyper-focused on the activities that will deliver the most value to justify the budgets needed to operate effectively.

However, even though systematic change is necessary, it doesn't need to be daunting, which we'll aim to demonstrate in this paper. We'll show you how digital transformation applies to the nonprofit sector and what it means for your organization. And we'll demonstrate how digitally transforming your workplace can accelerate your social impact. Ready?



Traditional nonprofits

Start by automating existing processes with technology used by people¹.

vs.



Digital nonprofits

Start by changing the way people work through redesigned processes that are made possible by technology¹.

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The human-centred approach to digital transformation

To really understand why digital transformation is fundamental to the nonprofit sector, we need to look at the way the sector itself is developing.

Nonprofit organizations play a \$40 billion role in the annual delivery of international aid and are increasingly strained by the widening gap between available resources and growing needs¹. However, digital transformation has the power to help close this gap by enhancing the impact of each budget dollar.

Having the right technology in place is critical. For nonprofit organizations, readily available information is invaluable in situations such as disaster response, which can only be achieved through agile, modern technology. But it would be a mistake to think that digital transformation is only about the tech. People and processes are vital factors—as highlighted in [NetHope's first Digital Nonprofit Ability™ \(DNA\) Assessment](#).

The assessment, created by The Center for the Digital Nonprofit, sets the industry standard for digital transformation across the nongovernmental organization (NGO) sector. It provides valuable insights across six categories – Readiness, People, Process, Technology, Data and Investment – which we'll reference in this guide.

Survey data shows that respondents are relatively well prepared for digital transformation in Organizational Readiness, Technology and Investment, while the People indicator lags slightly behind.

The comparatively poor performance of the Data and Process categories is of concern, as streamlined, optimized processes working from good data are critical to digital transformation¹.

¹ NetHope 'Digital Nonprofit Ability (DNA) assessment'



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Putting people first

As you'll know all too well, beneficiaries' expectations and needs have developed with the digital era beyond the basics of food, water and shelter. Whether it's those who are stricken by natural disasters, those living in third world countries, refugees fleeing war zones or underprivileged individuals living in developed communities, the use of mobile phones is continually growing. And of course, many of these people now need Wi-Fi and power to access their preferred methods of digital communication.

Equally, donors expect better experiences when giving their money, and they like to know how it's spent. Data-driven reports on how funding is used are now required by legislation. And volunteers are looking for easier, seamless digital experiences too.

To get the insight into exactly what's needed and how best to respond, data and analytics are key. But this can be a challenge if IT structures are siloed, there's no data capture in place or existing data lacks integrity.

That's not all. There are other obstacles such as the sheer scale of logistics required to deliver services, difficulties in sharing knowledge, and data management for field workers – all of which can be happening under extreme stress. To overcome them, you need to be able to bring technology and processes together while putting people first. And you need to know exactly what a digital nonprofit should look like today.

The new nonprofit: Achieve the efficiency of tomorrow, today

Before	After
Reactive	Proactive
Inflexible	Agile
Provisions	Communications
Private	Transparent
Education	Donor/beneficiary experience
Gut instinct decision-making	Data-driven decision-making

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Practical steps to successful digital transformation

1. Proceed with purpose

According to research from the Center for Information Systems Research at MIT Sloan School of Management (MIT CISR) before you start your journey toward full digital transformation, you need a well-defined plan of action – and your goals must align to the mission and strategy of your organization. This will make it easier to get buy-in and investment from the board, which is essential for progression.

You need to be able to explain the importance of digital transformation in achieving the overarching mission and how it provides a solution. Many boards today expect more technology to be integrated into their organizations, but you must demonstrate how the technology involves people and processes too.

According to recent research, future-ready organizations – companies that have undergone business transformation using digital capabilities – perform better, with 16 percentage points higher margin than their industry average².

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Mission? Critical

A clear mission is important because it means you can measure success against it and deliver a digital transformation that maps back to it. Use relevant data and insights to ensure you're focusing in the right places.



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2. Clearly define success

Everyone sees digital transformation as a technology project, but it's much more than that. Consequently, to define and achieve success, this needs to be made clear from the start.

Installing technology and configuring it to your needs is the easy part, but it will only ever be as successful as your end users make it. So, consider what success looks like for your people and processes because they can often end up becoming challenges to overcome. In fact, if you focus solely on technology, it can quickly become your biggest weakness and barrier to progress.

It's fair to say that many organizations end up focusing on the migration phase – moving their users to new technology. And they fail to do a good job when it comes to adoption, which means change management and training are key. Very few organizations exploit their work with end users to truly understand their typical day-to-day operations and help make their lives easier. Talk to your beneficiaries and conduct design thinking to enable your people to step outside their day to day and think differently.



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3. Be accountable

If no one in your organization is driving toward the end goal, things will quickly begin to fall apart. So, make sure you have clear owners and drivers of digital transformation throughout your organization, and especially at the board level – key leaders who are responsible for the technology, people and processes, and for overall change management. Often, digital transformation or innovation initiatives are given to the CIO or CTO, but responsibility needs to sit across the C-suite to ensure buy-in and adoption.

By also appointing process owners who are empowered to define what success looks like for their function within the organization, it will help to improve decision-making about what new technology needs to achieve; reduce complexity in the IT solution because you're not trying to satisfy all process variations across the organization, just the exemplars; and save money by moving to standardized technology, not heavily customized solutions.

However, we also understand that assigning these types of roles can seem unnatural and potentially challenging because nonprofit organizations tend to be consensus-driven, which means it can take longer to get common agreement on changes. And we know that it can be made even more challenging by the fear of failure, because if it doesn't work, it's down to the person who's accountable. However, as noted, assigning process owners can accelerate decision-making, save money and reduce complexity, all of which can reduce the risk of failure.

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4. Go for quick wins

Start with the low hanging fruit. Tackling small, easily achievable areas – while remembering to take into consideration the wider infrastructure as a whole – allows you to quickly demonstrate progress, add value and scale up.

Within nonprofits, there is often limited capacity to implement new initiatives because they don't – and shouldn't – allocate too much of their budget to operating functions like IT. So, choosing the technologies and solutions that are going to make the biggest impact and align with the overall mission should be prioritized – because taking on too many projects at the same time will fail as there's a limit to the amount of change that can be tackled all at once.

There are standard processes you can adopt to make things easier. For example, although your organization's mission is unique, your financial processes aren't, so share ideas and use best practice in areas like this to move forwards faster. In fact, 80% of organizations share information with others to help solve complex problems³. Open information sharing is a positive force for heightened performance in the NGO sector.

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Failure – not an option?

Only 33% of organizations agree it's OK to fail when trying something big³. But this is a mindset that needs shifting because failure is part of any transformation. If anything, it's riskier to do nothing in a world where digital change is inevitable. So, we would argue that it's better to fail fast, learn the lessons and move on.



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5. Ensure your staff is future ready

Beneficiaries and donors alike now expect seamless digital experiences. This is driving a full-scale digital shift and the need for digital skills. Indeed, people's skills and mindsets are an integral part of digital transformation, which can lead to some unique challenges in the nonprofit sector – and this is partly due to the loyalty of its employees and overall workplace culture.

With this in mind, it's wise not to introduce technology that's been designed centrally, or by "head office" only. Get end users involved in the requirements gathering so they feel bought into the solution, and therefore the change, even if this means the process owners make the final decision on which requirements become part of your digital transformation. It'll help you evolve your organization's culture and openness to change.

Just remember that nonprofits typically have a high number of long-term employees dedicated to the organization's mission, which means you'll need to shift their thinking and develop their skills to become future ready. This will predominantly involve training and building skills in-house, just as DBS Bank did back in 2015. But you may also consider recruiting more digital natives who expect to use digital technology in their working lives – people who are both motivated and able to work with these modern systems. Either way, a change in culture is essential when it comes to achieving transformation, as you can see from our work with [RSL Queensland](#).



MIT CISR Case study: Building a future-ready enterprise⁴

Despite being a case study on a multinational banking corporation, this story from DBS Bank clearly highlights how they were able to retrain large numbers of legacy staff, without incurring extensive costs.



Situation

DBS Bank initiated the second phase of its digital transformation in 2015 to address ever-emerging threats from fintech companies, as well as challenges to their expansion. To DBS, this was an ongoing journey in building a next-generation enterprise.



Solution

DBS invested considerable resources to reskill and upskill its people, especially its legacy workforce, some of whom had been with the bank for over 30 years. The program, designed for large-scale participation by all bank employees, comprised several aspects: artificial intelligence-powered e-learning, experiential learning, grants and scholarships, and innovative learning spaces. In total, more than 10,000 training sessions were conducted at the DBS Academy each year.



Results

As DBS continues its journey toward becoming a next-generation enterprise, it is able to rely on its reskilled employees, knowing they're future ready and able to cope with being part of the strategic shift towards a platform-based organization – delivering nimbleness, flexibility and adaptability.

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6. Create your digital roadmap – Dream, Design, Deliver

Every organization is different, so it's vital to create your own distinct roadmap to digital transformation. A clear roadmap will allow you to assess what you already have, and decide what next steps need prioritizing. It can also help you decide about trade-offs between what's important and what's not and keep you on track as you move through the transformation process.

Your roadmap needs to have a vision aligned to your mission, a structured process, and then it needs to be implemented. Given its importance, you may need to engage a partner to develop the roadmap.

Partnering for success

At Avanade, our purpose is to make a genuine human impact. We're proud to have partnered with Microsoft and NetHope on the IDEA program (formerly Dream, Design, Deliver) from its inception. The goal is to help nonprofits choose the right innovation pathways and digital technologies to solve challenges and engage more effectively with their stakeholders.

A number of the IDEA program partners at NetHope Summit are new, however Avanade has a proven innovation accelerator approach for the nonprofit sector that has already helped organizations like [British Red Cross](#), [Pro Mujer](#) and [Trócaire](#).



Imagine

Our proven workshop approach for nonprofits helps you to empathize, define, ideate, prototype and test.



Design

Our global, cross-industry experience informs your practical technology solution and change management plan.



Execute

A 14-time Microsoft Partner of the Year Award winner, our expertise helps you pilot, deploy and iterate your solution.



Assess

Understand the impact of your solution and uncover new ways to use technology to achieve your mission.

In Conclusion: Drive the change you want to see

Digital transformation isn't about upgrades or even digitization itself. It's about becoming a digital organization. For nonprofits, that means improving the way you operate – or developing new ways of operating – to deliver on your mission and create more impact for your beneficiaries in a digital manner with people, processes and technology at the heart of everything you do.

To drive meaningful, sustainable change, you must adopt the right mindset.

To drive meaningful, sustainable change, you must adopt the right mindset. You must start with the end in mind, define a clear strategy that aligns with your mission, along with metrics of success, and that can lead to the investment you need at an executive level.

Secondly, don't think of transformation as something that simply requires new technology. Focus on your users, your organization's culture, change management, and the adoption and exploitation of IT – rather than just buying new tech. Then your entire organization will become digital... It's all about optimizing your people and processes to remain relevant as an organization, with any new technology being strictly aligned to your mission.

Although no two organizations are the same, and nonprofits generally look to each other for inspiration and collaboration, you can benefit

from seeing how others in the commercial sector have achieved digital transformation success by focusing on very specific user needs. One example is knowledge sharing across disparate teams, such as the doctors and medical staff at [Ascension Wisconsin](#).

Acknowledge that digital transformation can take time – so be kind to yourself. Understand where you're starting from, be clear on your outcomes and constantly assess your progress to remain agile. Look for those quick wins and improve your efficiency and effectiveness in order to scale your efforts and increase the impact of your changes.

And, well we would say this wouldn't we, but make use of partners with experience, skills and assets that add real value, save time and money and who can help you become a digital nonprofit organization that's able to drive the change you want to see in the world.

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"We take them on a journey through the lifetime of being customers of the RSL, and we're now able to offer them a frictionless experience on any channel and any device at any time."

Simon Button, Chief Information Officer, [RSL Queensland](#)

"Avanade was able to see the vision, understand what we were interested in and move quickly forward to develop a platform that we could use."

Dr. Jonathan Treisman, Medical Oncologist, [Ascension Wisconsin](#)

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Why Avanade?

At Avanade, our purpose is to make a genuine human impact. Through our [Tech for Social Good](#) partnership with Microsoft, we are committed to helping nonprofit organizations and the social sector fulfill their missions with digital.

We are proud to apply our 20 years of experience in helping organizations across industries and sectors to ensure nonprofits unlock digital innovation solutions with current and emerging Microsoft digital technologies that make a human impact.

We're also thrilled to be founding members of the NetHope Center for the Digital Nonprofit and one of 10 global research patrons of the MIT Sloan Center for Information Systems Research (MIT CISR) – and it's our privilege to be able to bring MIT CISR's research and insights to our clients every day.

Unlock your digital potential with Avanade

Discover some of our latest IP solutions now live on the Microsoft Common Data Model platform.

[Visit our website here](#)

¹ NetHope "Digital Nonprofit Ability (DNA) Assessment"

² MIT CISR "Future Ready? Pick your pathway for digital business transformation"

³ NetHope "Digital Nonprofit Skills (DNS) Assessment"

⁴ MIT CISR "DBS: From the 'World's best bank' to building the future-ready enterprise"





Avanade is the leading provider of innovative digital and cloud-enabling services, business solutions and design-led experiences, delivered through the power of people and the Microsoft ecosystem. Majority owned by Accenture, Avanade was founded in 2000 by Accenture LLP and Microsoft Corporation and has 30,000 professionals in 24 countries. Visit us at www.avanade.com.

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