

FUNDING COMMISSION

ICT trends & fundraising – a five year perspective by Guy Yeomans

Our initial work has sought to identify key ICT trends at a high level. As a result, we've developed a greater appreciation of the need to use this work as a foundation on which to build a more detailed set of recommendations. Such guidance would aim to assist organisations within the sector in their thoughts on the strategic use of ICT over the next 5 years.

Initial ICT trend review

We've identified 8 broadly defined technologies we feel will have increasing impact over this time period:

- Mobility & ubiquitous connectivity
- Alternative payment methods
- New forms of funding interaction & value
- Data growth
- Location-based services
- Real-time social media
- Infrastructure services
- Fundraising platforms

1 – Mobility & ubiquitous connectivity

We're no longer using single devices to connect to the internet: we increasingly find connectivity options being built-into an ever wider range of consumer products from your car through to your child's games console and also within both commercial & public spaces. Link this with the high level of mobile phone usage and it's easy to see why we'll feel we're always connected.

We'd couple this with two key 'milestones' recently passed by the mobile industry. Firstly, in January 2010 figures showed that the majority of the internet services consumed – on a global basis – were accessed via the mobile phone not the desktop PC or laptop, that is, the mobile internet.¹ Secondly, that using social media is also now more popular via the mobile phone.² We anticipate broadly similar usage patterns to emerge in the UK.

The range of online services is not only increasingly being made available on the mobile platform but will – in the future – actually be **introduced there first**. As such, providing mobile services may not become just a key fundraising option but, perhaps, the primary mechanism by which people seek to make donations.

2 - Alternative payment methods

The range of emergent alternative payment methods we can identify provide donors with both greater flexibility to make transactions as well as offering services that better 'fit' how people use technology & online services.

Indeed, recent research from consulting firm Javelin Strategy and Research indicated that “about 20 percent of all online transactions now take place over so-called alternative payment systems...” and it expects that number to grow to nearly 30 percent in just three years. ³

These services – which work outside of traditional banking institutions e.g., credit card companies & are mainly offered only online – hint at an important ‘weak signal’ in relation to future adoption rates & potential donating behaviour. While we recognise the importance of existing mobile-based payment options i.e., SMS, (and we’d probably expect to see this channel retain its prominent position) we believe the way in which these alternative systems are interlinked with the mobile channel & social media networks means they’ll play a greater role in facilitating fundraising in the future.

3 – New forms of funding interaction & value

So, what do a panda-shaped box, a wooden toy tiger, and an animated penguin all have in common? Well, they’re all forms of virtual goods being offered by the World Wildlife Fund in its i-phone application launched in March 2010 from which 36% of all revenues generated will go back to the charity. ⁴

We expect continued & significant growth in new, non-traditional categories of donation, some of which will embody important changes in the sense of what is valuable to donors. These could include personal surpluses (e.g., time, bandwidth or storage space), remnants of other online services (e.g., unused minutes on mobile phone plans) providing access to other forms of information (e.g., sharing trusted, personal networks) or ‘gifting’ virtual goods (e.g., Facebook virtual gifts) for subsequent exchange, re-trade or conversion back into cash.

We also expect significant growth in the use of online gaming as a means of fundraising activity.

4 –Data growth

While not strictly a ‘technology’ in its own right, all of our personal, organisational & commercial activities are producing an ever increasing volume of data & this trend is widely expected to continue. This may not seem to be of immediate relevance to the third sector but we feel it could have important operational & financial implications.

We believe organisations that effectively collect, collate & utilise the data available to them (sourced organically or commercially obtained) will demonstrate improved operational performance from their charity actions; be better able to identify & target need (and so select donors more efficiently) and also be able to more effectively drive improvements in fundraising values & volumes.

Additionally, the move to ‘open-up’ previously restricted or private external data-sets (e.g., the <http://data.gov.uk/> initiative) marks an important change in the potential for 3rd sector organisations in this area.

5 - Location based services

A key trend underpinning our mobility theme is the ownership of mobile phones. Current consumption trends suggest we’ll see a marked increase in the ownership of ever more powerful ‘smartphones’. One of their key capabilities is the range of ‘sensors’ now included as standard.

By way of example, an i-phone has an accelerometer, a compass & GSM pre-fitted. From this your location, orientation & speed of movement can all be determined. This 'location-based' data opens up an array of social, service & commercial possibilities and also begins to 'blur' the boundaries between the real world & the digital.

While understanding someone's location raises important issues in relation to data use, privacy requirements and personal security – consider how this kind of information begins to change how an organisation could engage with its members, recipients & donors. Crucially, it begins to provide a more meaningful idea of their context and activities and we feel this will drive new forms of fundraising.

6 - Real time social media

Over the last couple of years social media has been emergent & there was a generally held assumption that transitioning to fundraising methods using these networked, collaborative technologies would open up 'easy' new revenue streams. We're already hearing some commentators suggest the reality is different and social media is not driving the fundraising volumes anticipated⁵ - while other suggest it is now a clear success.⁶

While recent events such as the Haiti earthquake again demonstrate how large-scale disaster relief campaigns **can** successfully leverage social media⁷ it would be easy to ascribe this solely to the high-profile & evocative nature of such unfortunate events.

However, we feel this would miss some important implications, namely, 1) social media is still 'young' in technology terms (it isn't finished yet!) 2) its current value as an increasingly effective means of engaging potential donors shouldn't be overlooked & 3) for a large number of younger groups this medium is the means through which they may make their first charitable donations. We'd suggest that's formative behaviour for – what are effectively – the third-sector's future cohort of volunteers, members & contributors.

7 – Infrastructure Services

Infrastructure services - defined in general terms as the computer and communications hardware and software used to manage clerical, administrative, and management tasks in organisations – is undergoing a number of rapid changes.

The most notable is the emergence of an ever increasing range of 'cloud' computing options. Simply stated, these allow organisations to access functional software, data services and information storage options without the need to buy or physically own the items involved. This has tremendous potential for 3rd sector organisations.

8 – Fundraising Platforms

Over recent years we've seen sustained growth in the number of group fundraising & social action platforms being created⁸ - based on both commercial and non-profit structures. Whether this field can continue to support such an overall number of options – our will undergo a process of failure and consolidation – remains to be seen.

We may also see such platforms undergo further evolution as they grapple with a range of issues from data sharing, through to supporting longer-term engagement or altering focus to help social entrepreneurs instead of charities.

1 <http://communities-dominate.blogs.com/brands/2010/01/major-milestone-has-passed-over-half-of-internet-access-is-now-from-mobile-says-nokia.html>

2 http://www.readwriteweb.com/archives/social_networking_now_more_popular_on_mobile_than_desktop.php

3 http://www.wired.com/magazine/2010/02/ff_futureofmoney/

4 <http://www.virtualgoodsnews.com/2010/03/little-world-gifts-partners-with-wwf.html>

5 *"Using Social Media to Meet Nonprofit Goals"*, IdealWare Report, February 2010

6 http://www.ctt.org/third_sector_news/fundraising/social_media_can_improve_charity_fundraising_tenfold/2415.asp

7 <http://news.bbc.co.uk/1/hi/world/americas/8460791.stm>

8 <http://socialactions.com/platforms>

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