



Making The Most Of TBED Technology Investments:

A Survey Of Industry Goals, Spending Priorities
And Overall Strategic Confidence



JumpStart Inc. is committed to strengthening the economy through entrepreneurship. The nonprofit has been accelerating the successes of diverse entrepreneurs, their high growth companies and the ecosystems that support them since 2004.

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Abstract

In advance of the 2015 SSTI annual conference, JumpStart and SSTI conducted a survey of more than nearly 250 organizations, including universities, incubators & accelerators and economic development organizations.

The goal of this survey was to gather a greater understanding of the basic challenges technology based economic development (TBED) organizations face with regard to information technology, as well as their self-identified strategic goals and whether they believe their IT spending priorities are helping them to achieve these goals.

The results of the SSTI survey confirmed a trend many experts have suspected for some time. Economic development leaders realize that technology can help them do more impactful work and satisfy increasingly demanding stakeholders. However, most are dealing with small to non-existent technology support teams as well as limited technology budgets.

Many of these organizations report that they need to scale their operations. However, they are investing their limited time and funding, and the bulk of their confidence in foundational technology tools, rather than the types of advanced tools some of their colleagues have strongly associated with their own ability to grow and scale their operations.

This whitepaper delves deeper into these results, discussing how organizations might better examine their technology spending to scale their operations with limited staff and resources.

Survey Breakdown

Descriptive Statistics

Nearly 19 percent of the 238 organizations surveyed reported between one and four employees. More than 55 percent had less than 16 employees. Well over half lacked on-site IT support.

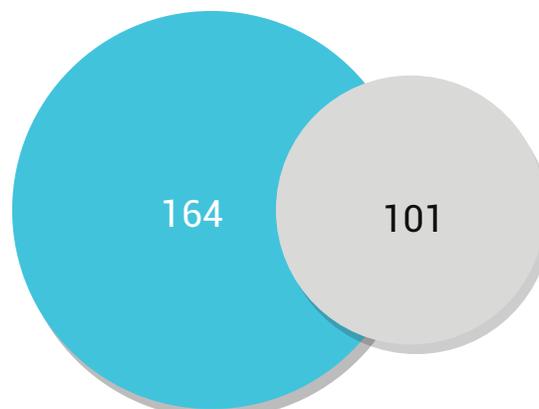
1. Few Employees

18.9% org. 0 - 4 employees
37.9% org. 4 - 16 employees

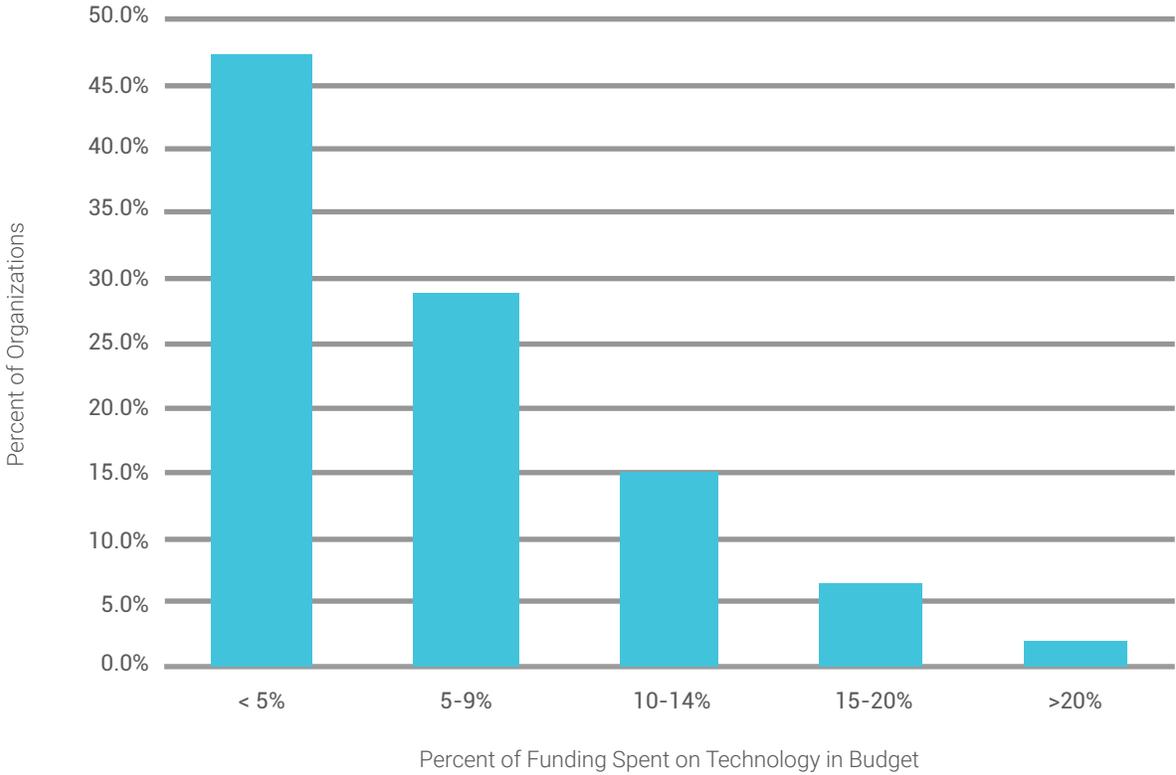
2. Limited Organizations with IT Staff

Does your organization
have IT on staff?

 No
 Yes



The majority of the organizations surveyed spent less than five percent of their total budget on technology.

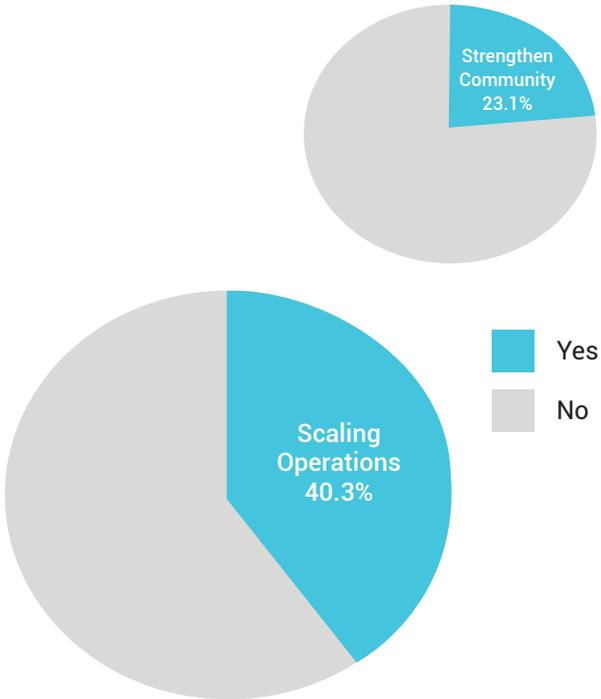
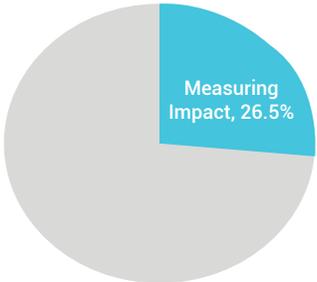


Strategic Priorities

The majority of TBED organizations surveyed reported that their highest priority in the next 12 months was to scale their operations.

Ranking of organization priorities for the upcoming year:

- 1. **Scaling Operations: 40.3%**
- 2. Measuring Impact: 26.5%
- 3. Strengthening Community: 23.1%
- 4. Operational Efficiency: 11.9%
- 5. Applying Best Practice: 10.1%
- 6. Unsure: 6%

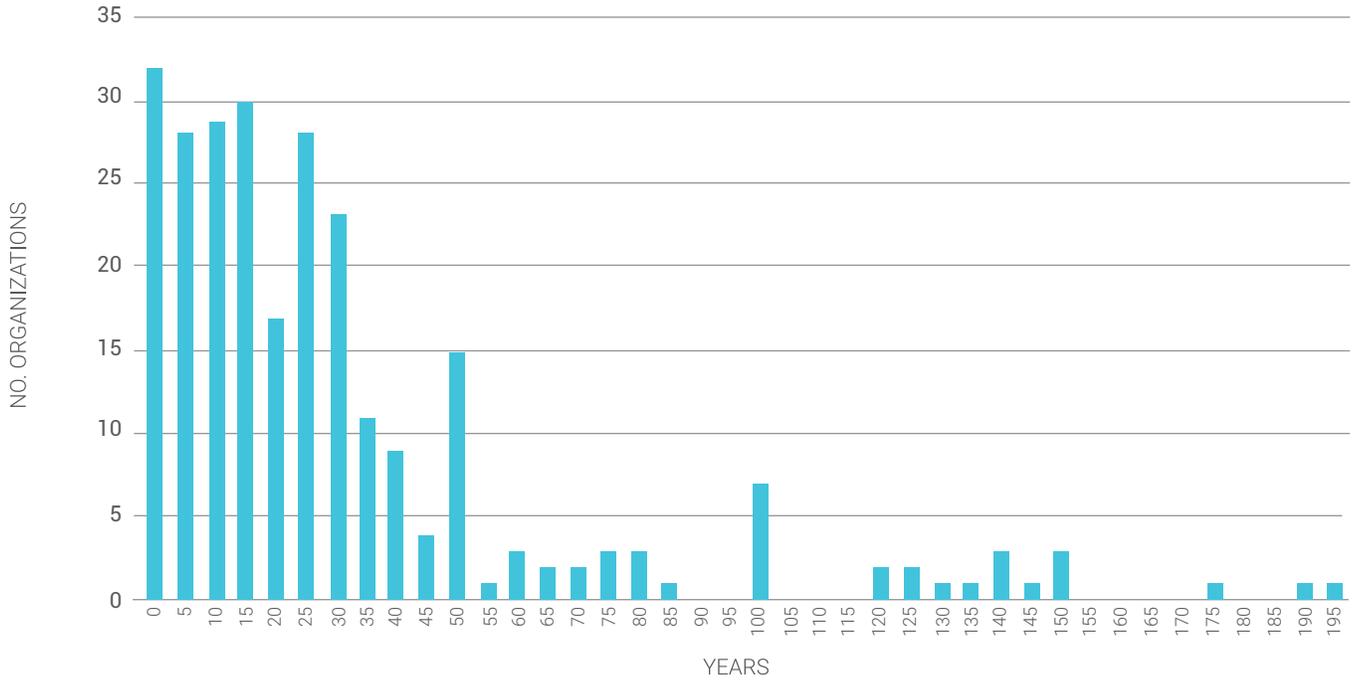


Yes
No

Creating a Common Framework

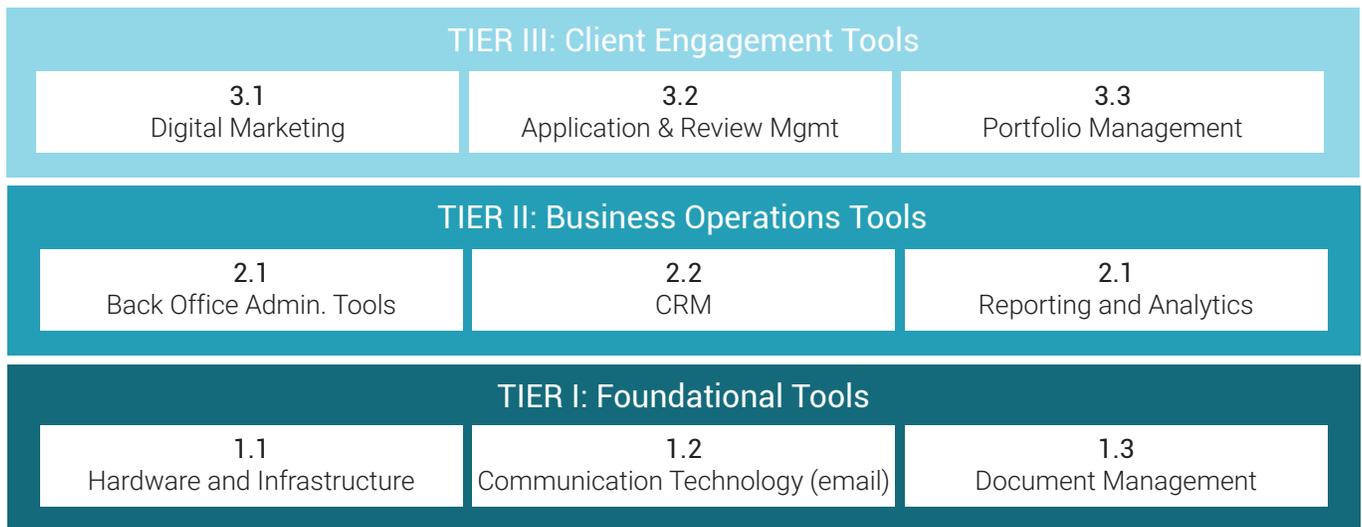
A Diverse Industry

A distinctive trait of the TBED industry is the staggering breadth of diversity amongst organizations in the space. Not only do these organizations vary widely in terms of employee numbers, available IT resources and technology budgets, they also show great variation in age.



These wide variations amongst TBED organizations made it difficult to find a common language through which to discuss technology spending. As a result, it was necessary to develop a control framework to all organizations to speak the same language for the purposes of the survey.

This framework focuses on technology elements that are common across all economic development agencies, breaking them into three tiers based on their chief purpose.

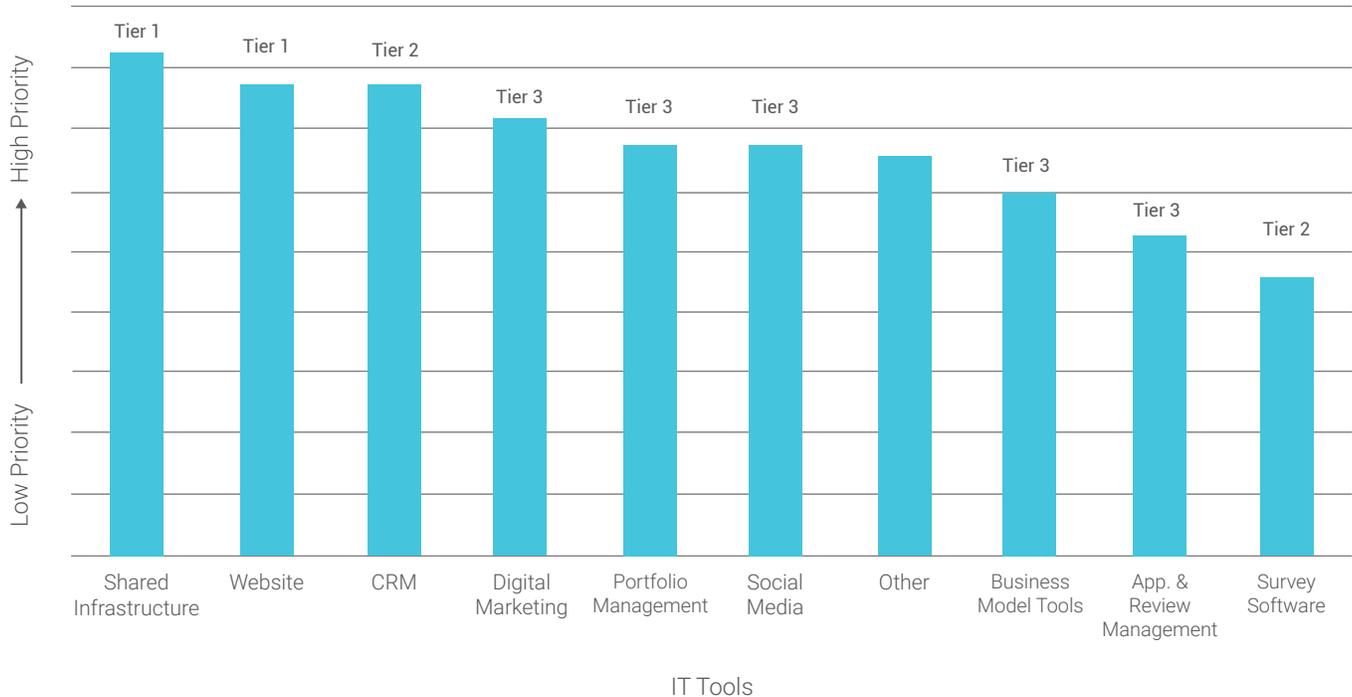


Tier-By-Tier Breakdown

TIER I: Foundational Tools		
1.1 Hardware and Infrastructure	1.2 Communication Technology (email)	1.3 Document Management
<p>OVERVIEW</p> <ul style="list-style-type: none"> • Collection of physical and virtual resources to support business functions • Servers, storage, network, internet, phones, etc. <p>CONSIDERATIONS</p> <ul style="list-style-type: none"> • Shortage of support, management tools • Redundancy capability 	<p>OVERVIEW</p> <ul style="list-style-type: none"> • All the tools that an organization uses to communicate internally and externally in an organization <p>CONSIDERATIONS</p> <ul style="list-style-type: none"> • Traditional vs. cloud based platforms • Security and redundancy 	<p>OVERVIEW</p> <ul style="list-style-type: none"> • The capability to manage and maintain soft content in a central location • Allows for version management and readily sharing of data <p>CONSIDERATIONS</p> <ul style="list-style-type: none"> • Establishing protocols for what content needs to be protected • Backup procedures
TIER II: Business Operations Tools		
2.1 Back Office Admin. Tools	2.2 CRM	2.1 Reporting and Analytics
<p>OVERVIEW</p> <ul style="list-style-type: none"> • Payroll and benefits tools, recruitment, tools to record information about financial transactions, audit <p>CONSIDERATIONS</p> <ul style="list-style-type: none"> • Tools that match organization workflows vs. feature overkill, inconsistent processes, fragmented content 	<p>OVERVIEW</p> <ul style="list-style-type: none"> • Customer Relationship Management (CRM): ability to manage information in centralized location <p>CONSIDERATIONS</p> <ul style="list-style-type: none"> • Can be expensive to customize and implement • Important to integrate with current business processes 	<p>OVERVIEW</p> <ul style="list-style-type: none"> • Capability to aggregate disparate data and succinctly tell an integrated story <p>CONSIDERATIONS</p> <ul style="list-style-type: none"> • Customizing reports to multiple funders
TIER III: Client Engagement Tools		
3.1 Digital Marketing	3.2 Application & Review Mgmt	3.3 Portfolio Management
<p>OVERVIEW</p> <ul style="list-style-type: none"> • The use of digital channels to promote or market products and services to consumers and businesses • Social media, website, e-mail marketing <p>CONSIDERATIONS</p> <ul style="list-style-type: none"> • How much time do you have to dedicate to marketing? 	<p>OVERVIEW</p> <ul style="list-style-type: none"> • Collecting, reviewing and managing applications for grants, entrepreneurs, students, etc. <p>CONSIDERATIONS</p> <ul style="list-style-type: none"> • Identifying the unique elements of the business model • Task management, form logic and work flow 	<p>OVERVIEW</p> <ul style="list-style-type: none"> • Used to manage projects and accounts • Tool can help evaluate projects (expected returns, outcomes, timeline or accounts of companies) <p>CONSIDERATIONS</p> <ul style="list-style-type: none"> • Often requires customization • Developing a common workflow logic across all platforms to avoid fragmentation

Technology Spending Habits

Below is a graph depicting technological spending priorities amongst survey respondents, along with the corresponding tier of each tool, taken from the control framework outlined above.

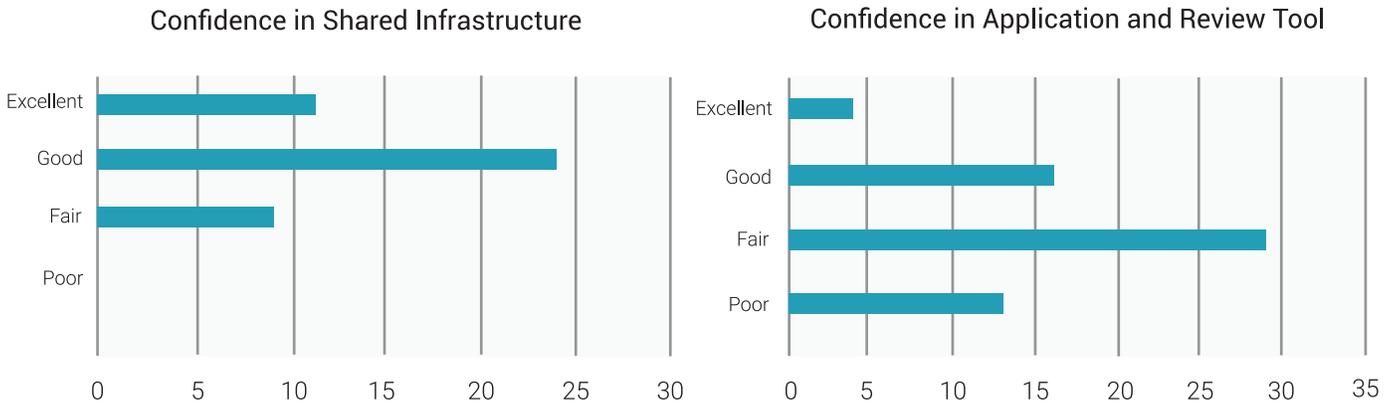


Strategic Confidence

Once the spending priorities of the surveyed TBED organizations had been determined, respondents were asked to assess their level of confidence in each specific IT tool's ability to help them achieve their self-reported strategic goals. Excluding a small outlier of much older organizations who had much higher levels of confidence across the board, we found the following relationships between technological spending priorities and strategic goals:

- Respondents were most confident that spending focused on Tier I foundational tools like creating a new website and developing shared infrastructure would help them achieve the strategic goal of Scaling Operations.
- Respondents were most confident that social media spending would help achieve the strategic goals of Strengthening Community, Scaling Operations and Learning Best Practices.
- Respondents were most confident that spending on business model tools would help achieve the strategic goal of Learning Best Practices.
- Respondents were most confident that spending on application review tools would help achieve the strategic goal of Strengthening Community.

Overall, the results indicate that TBED organizations have the lowest strategic confidence in application and review tools (a Tier III tool) and the highest strategic confidence in shared infrastructure tools (a Tier I tool). These apparent relationships between strategic confidence and tool “tier” will be further explored below.



Survey Analysis

Confidence vs. Experience

Many TBED organizations appear to lack confidence that Tier II and Tier III tools will help them accomplish their most popular self-reported goal– Scaling Operations. Instead they favor Tier I tools like websites and shared infrastructure.

However, a small, but significant number of other TBED organizations reported that they have seen a great deal of success scaling their operations by leveraging higher-tier tools like centralized portfolio management and application review.

For secondary confirmation of this phenomenon, survey co-developer JumpStart has prioritized investments in Tier III technology projects like centralized electronic intake and the development of a web-portal to better connect participants in its entrepreneurial mentoring program. Both of these investments have enabled the organization to expand its work outside its traditional hub of Northeast Ohio faster and more effectually than could have been done by adding staff or other infrastructure – the very definition of Scaling Operations.

A closer look at the survey data would suggest that JumpStart is not alone in this experience. Though organizations overall were not as confident in Tier II and Tier III tools as they were in Tier I tool, organizations that spent more on Tier II and Tier III tools were more confident than any other group surveyed that they were meeting their organizational goals.

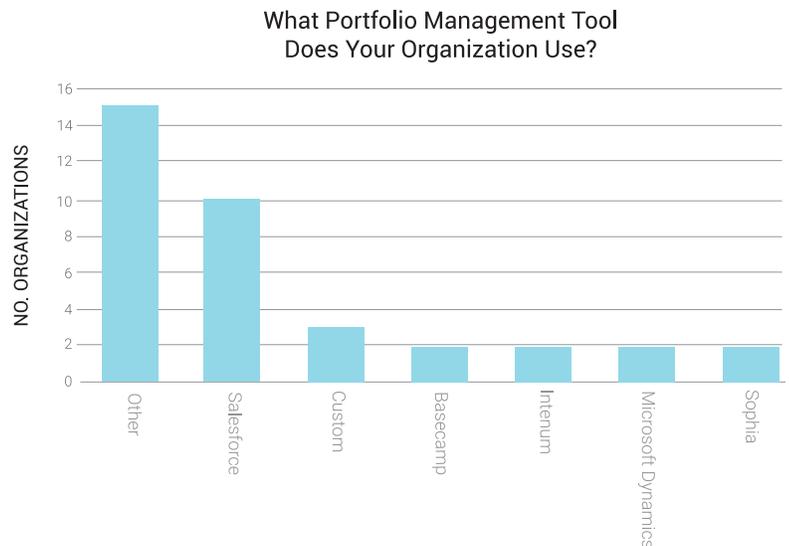
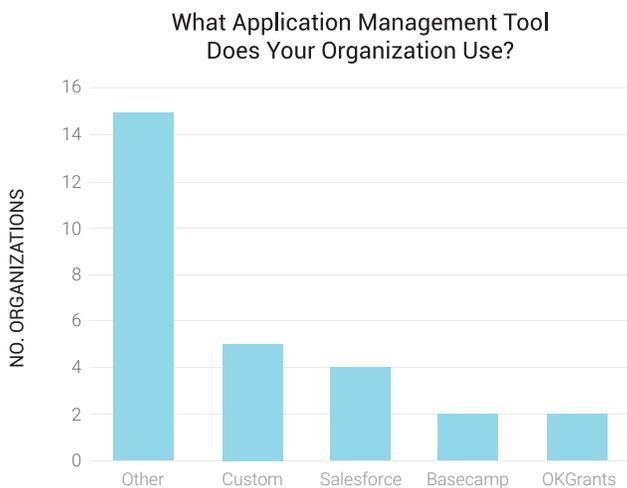
Simply put, those who chose to invest their technology budgets in Tier II and Tier III tools displayed a great deal of confidence that they were meeting their chief goal of scaling operations. In fact, they displayed more confidence than those who favored investment in Tier I tools.

Confidence vs. Experience

So, there appears to be a small, but significant group of TBED organizations that are not only investing in Tier III technology tools like digital marketing, application/review, portfolio management, survey software, etc. but also expressing a high level of confidence that these investments are helping them scale their operations.

Why then, does the majority of TBED technology spending remain confined to Tier I foundational tools? And, why do some organizations display less confidence in the Tier II and Tier III tools, when other similar organizations appear to be using them with very positive results?

One possible problem is the lack of industry best practices or standardized platforms for Tier III tools like application review and portfolio management. Overall, 53 percent of organizations reported that they use an application review tool totally unique to their organization. Likewise, 42 percent of organizations reported that they use a unique or one-off portfolio management tool used by no one else in the survey.



This lack of a standardized platform cannot be conclusively linked to lower levels of overall strategic confidence in Tier II and Tier III tools. However, it stands to reason that this level of tool fragmentation in an industry that lacks a common language for discussing priorities and outcomes has helped create a situation where many TBED organizations remain unaware of the strong results others have seen in the Tier II and Tier III space, unless they have adopted these tools themselves.

Conclusion

TBED organizations want to scale their operations, but most have limited employees, IT resources and technology budgets with which to accomplish the task. Currently, many organizations are attempting to scale by investing in foundational tools like websites and shared infrastructures. They express little confidence in higher-level technology tools like CRM, application review and portfolio management.

Paradoxically, a small group of organizations that have prioritized in these higher-level tools report the highest levels of strategic confidence in their ability to scale their operations.

This disconnect—between the perception of these higher-level tools by those who have not invested in them, and the reality for those who have—is still not fully understood. However, it is suspected that the low level of product standardization, combined with the natural breadth of size, age and financial diversity of the organizations operating in the TBED space are major contributing factors.

We have seen that strategic investment in Tier II and Tier III tools can make business and client facing processes more efficient, allow expansion without adding personnel/ physical infrastructure and enable the collection of key outcome metrics for funders—all of which are essential aspects of successfully scaling an operation.

Combined with the results of this survey, the data suggests that TBED organizations looking to scale their operations should reexamine the potential benefits of drawing a portion of their limited technology spend in away from their Tier I comfort zone, and directing it toward the types of Tier II and Tier III tools that are delivering strong self-reported results for many of their peer organizations. Analysis also suggests that more industry standard tools and best practices would facilitate better sharing of information and outcomes for TBED organizations across the board.