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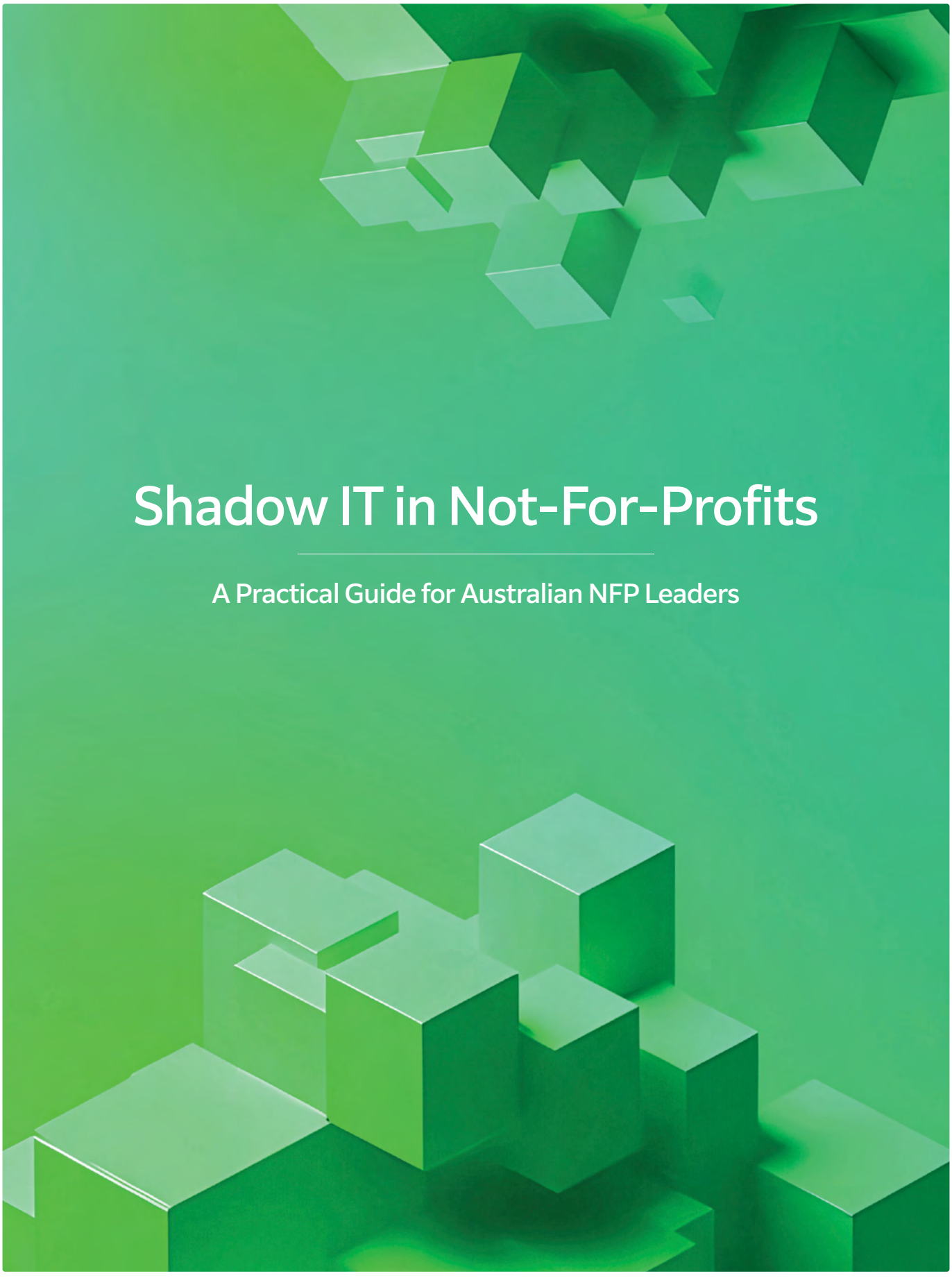

Shadow IT in Not-For-Profits

A Practical Guide for Australian NFP Leaders

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Australia's not-for-profit (NFP) sector is considered a cornerstone of social wellbeing and community resilience. It encompasses nearly **60,000 registered charities**, employs over **1.4 million Australians**, and harnesses the goodwill of **more than 3.2 million volunteers** (Convene, 2024; Pitcher Partners, 2025). Yet in 2025, the landscape is more complex than ever: economic pressures, heightened governance expectations, and the relentless pace of digital innovation demand more from NFPs than simply good intentions.

Against this backdrop, some organisations may be realising that their digital foundations—often built piecemeal over decades—are no longer fit for purpose. Old systems, disconnected tools, and invisible 'shadow IT' eat away at efficiency, drain budgets, and put donor and beneficiary trust at risk.

This eBook from **FUJIFILM IT Services** is intended to be a practical guide for Australian not-for-profit leaders and technology decision-makers. Each chapter speaks to a critical part of the transformation journey: shedding light on hidden technology risks, consolidating for clarity and cost control, choosing platform-based solutions that scale, enforcing robust data governance, and embedding change sustainably through people and culture.

At the heart of it is a simple idea: by illuminating the shadows, NFPs can reclaim precious time, reduce waste, and focus on what truly matters — delivering impact to the communities they serve.

Chapter 1:

The Hidden Cost of Shadow IT

For many Australian not-for-profit (NFP) organisations, technology can be both an enabler and a silent drain on resources when left unmanaged. Shadow IT — the practice of employees or departments procuring software and digital tools without the knowledge or approval of the central IT team — has emerged as a significant hidden cost, especially in sectors where budget constraints and decentralised operations are common (Gitnux, 2025).

In 2025, Australia's NFPs face mounting pressures: donations are tightening due to broader economic headwinds, while expectations for digital service delivery and data privacy continue to grow (Pitcher Partners, 2025). As a result, staff and volunteers often seek quick digital fixes to keep programs running smoothly — inadvertently expanding a tangled web of tools that potentially lead to creation of operational inefficiencies, compliance risks and mounting costs.

How Shadow IT Takes Hold

Unlike large corporates, many NFPs may not have the luxury of extensive IT oversight teams. Such NFPs are likely to rely heavily on goodwill, flexibility and initiative from staff at every level instead. This may mean department managers, fundraising teams or program coordinators purchasing cloud apps or signing up for 'free trials' to address immediate gaps — be it for volunteer rostering, donation tracking or event management.

A recent study found that over **45% of employees globally admit to using unapproved apps at work** (Gitnux, 2025). In the Australian NFP landscape, where remote work and hybrid volunteering have surged post-pandemic, the likelihood is even higher (HLB Mann Judd, 2025). Shadow IT often starts small — a spreadsheet here, a free project management tool there — but over time, it could proliferate across multiple teams.

The Real-World Cost: More Than Just Money

At first glance, having multiple specialised tools might appear helpful. However, the hidden costs quickly add up:

— **Duplicated Workflows:** Staff may need to manually copy data between systems because tools don't 'talk' to each other. This results in wasted time and provides room for human error.

— **Data Silos:** Information about donors, volunteers, and service recipients could become fragmented across different apps. This could make it difficult to build a single, trustworthy view of supporters — a critical factor in effective fundraising and reporting (Infoxchange, 2024).

— **Compliance Risks:** Unapproved systems may lack the requisite security measures or data privacy safeguards. For NFPs handling sensitive information — from beneficiary health data to donor financial details — this potentially creates exposure under privacy laws.

— **Budget Blowouts:** While individual licences may seem cheap, the collective cost of duplicate subscriptions and custom integrations can be substantial. The 2025 Not-for-Profit Sector Survey highlighted that controlling overhead costs remains a top concern for 56% of NFPs — up significantly from 32% just two years ago (Pitcher Partners, 2025).

Spotting Shadow IT in Your Organisation

Identifying Shadow IT is often harder than leaders expect. In some organisations, an initial technology audit has revealed 200–300 tools are in use when only 50–100 were formally approved (Convene, 2024). This discrepancy stems from:

- Staff using personal credit cards or free versions that don't appear in finance reports.
- Teams adopting 'temporary' tools that become permanent because no one owns their retirement.
- Vendors marketing directly to end users with compelling "freemium" offers.

How to Begin Regaining Control

Dealing with Shadow IT isn't about stifling initiative — it's about creating clear guardrails so staff can innovate safely. FUJIFILM IT Services recommends a pragmatic three-step approach for NFPs:

1. Establish Visibility

Conduct a full audit of all software in use — formal and informal. This means reviewing expense claims, interviewing teams, and scanning network logs. Many organisations are surprised by what they uncover.

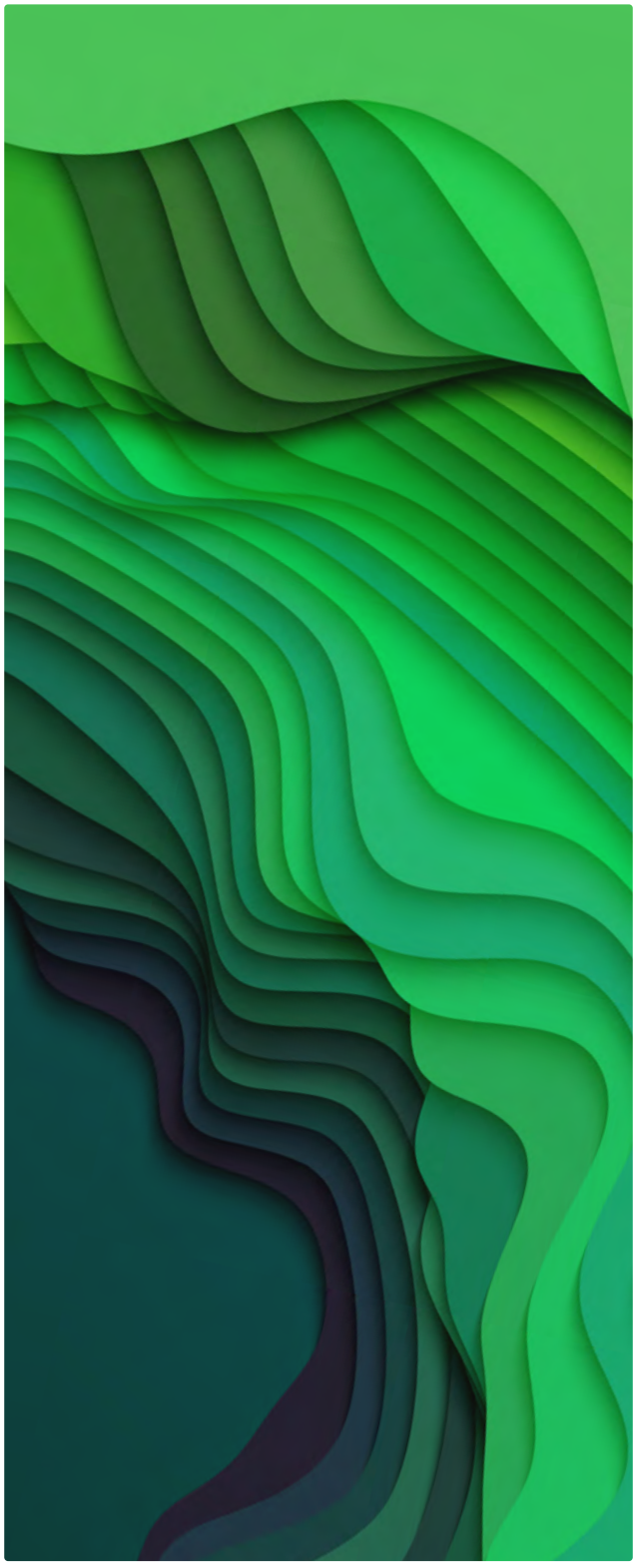
2. Develop an Acceptable Use Policy

Outline which types of tools require IT or management approval and explain the risks of bypassing these steps. A well-communicated policy empowers staff to make smart decisions without feeling restricted.

3. Provide Better Alternatives

Often, Shadow IT arises because official systems are outdated or cumbersome. By investing in user-friendly, integrated platforms — for example, a modern CRM that handles donations, communications and reporting in one place — it helps reduce the temptation to go rogue.

NFPs that proactively tackle Shadow IT would not only save money but potentially also unlock greater productivity, safeguard sensitive data, and build trust with donors and regulators. By illuminating the shadows, leaders can look to ensure that technology is an enabler, not a liability.



Chapter 2:

Beyond Numbers — The Power of Strategic Consolidation

The Complexity Trap: Why More Systems Don't Mean More Efficiency

In the not-for-profit sector, it's common to assume that reducing the number of software applications will automatically translate into cost savings and streamlined operations. Yet, the reality is more nuanced. Many Australian NFPs find themselves in what we call the "complexity trap" — where an increasing number of digital tools exist side by side, many serving unique or vital functions, yet lacking integration or governance (Convene, 2024).

A 2024 sector-wide technology audit revealed that while some NFPs formally licence 50–70 applications, informal and shadow IT brings the real total closer to 200 tools per organisation (Convene, 2024). This often includes legacy systems, niche platforms for fundraising or volunteer management, specialised case management solutions, and emerging cloud tools adopted by frontline teams.

Simply cutting systems without careful analysis could risk removing capabilities that frontline staff rely on, potentially hampering service delivery and community engagement.

Australian NFPs Under Pressure: Why Consolidation Has Risen to the Top of the Agenda

Several forces have pushed consolidation from a "nice to have" into a strategic imperative:

— **Rising Operational Costs:** According to Pitcher Partners (2025), 56% of Australian NFPs cite controlling overheads as a top challenge, compared with 32% just two years earlier. Inflationary pressures, supply chain disruptions, and increased demand for services create a "cost squeeze" requiring sharper operational efficiency.

— **Mergers and Collaborations:** The 2025 NFP Sector Survey found that 71% of organisations are actively exploring mergers, partnerships or shared services to pool resources (Pitcher Partners, 2025). Consolidating digital platforms is a critical enabler of these efforts.

— **Governance and Compliance:** Boards increasingly demand transparency over digital investments and risks. The Australian Institute of Company Directors' 2025 governance study highlighted that 64% of NFP boards now require regular reporting on IT spend, risks, and project progress (AICD, 2025).

— **Donor and Stakeholder Expectations:** With donor demographics shifting younger and more tech-savvy, expectations for seamless digital interactions have never been higher (Infoxchange, 2024).

Strategic Consolidation: What Does It Really Mean?

At FUJIFILM IT Services, we see consolidation not as a numbers game but as a strategic alignment process. It involves thoughtfully selecting platforms and tools that seek to:

- **Align with organisational goals and mission-critical processes**
- **Eliminate unnecessary duplication**
- **Ensure interoperability and data flow between systems**
- **Support scalability and innovation**

In practice, this means:

Mapping all existing systems to understand what each is used for, who uses it, and what value it provides.

Engaging stakeholders across fundraising, programs, finance, HR, and IT to gather input and ensure needs are met.

Defining core platform areas such as ERP (finance and projects), CRM (donor and supporter management), marketing automation, and HR/payroll.

Identifying niche applications that fill unique gaps or specialist functions, then deciding whether to retain, replace, or integrate them.

Using low-code/no-code integration platforms to stitch systems together where full replacement isn't practical.

The Benefits of Thoughtful Consolidation

This strategic consolidation delivers several tangible benefits for NFPs:

1. Cost Savings and Budget Control

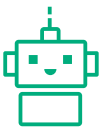
By looking to eliminate redundant licences and simplify vendor management, it helps organisations free up funds to reinvest in mission-critical activities. According to the 2025 Pitcher Partners report, NFPs that actively manage their IT portfolios reduce overhead costs by an average of 12% annually (Pitcher Partners, 2025).

2. Improved Data Quality and Transparency

Fewer siloed systems could translate to better data governance, easier reporting, and enhanced trust among donors, funders, and regulators. Boards can see the full picture of financial health, program impact, and compliance status in real time (AICD, 2025).

3. Enhanced User Experience

Staff and volunteers benefit from more consistent, user-friendly systems, reducing frustration and increasing productivity. When core platforms share common interfaces and data models, onboarding and training times fall sharply.



4. Greater Agility and Innovation

An integrated, scalable digital foundation enables NFPs to adopt new technologies — such as AI-driven analytics or mobile engagement tools — faster and at lower cost.

Common Challenges and How to Overcome Them

Consolidation projects can be complex and sometimes met with resistance. Key challenges include:

Change Management: Staff may be attached to legacy or niche systems. Early involvement and clear communication about benefits are essential.

Integration Complexity: Stitching together multiple platforms may require specialist expertise and can be costly without careful planning.

Budget Constraints: Consolidation often requires upfront investment, even if it yields longer-term savings.

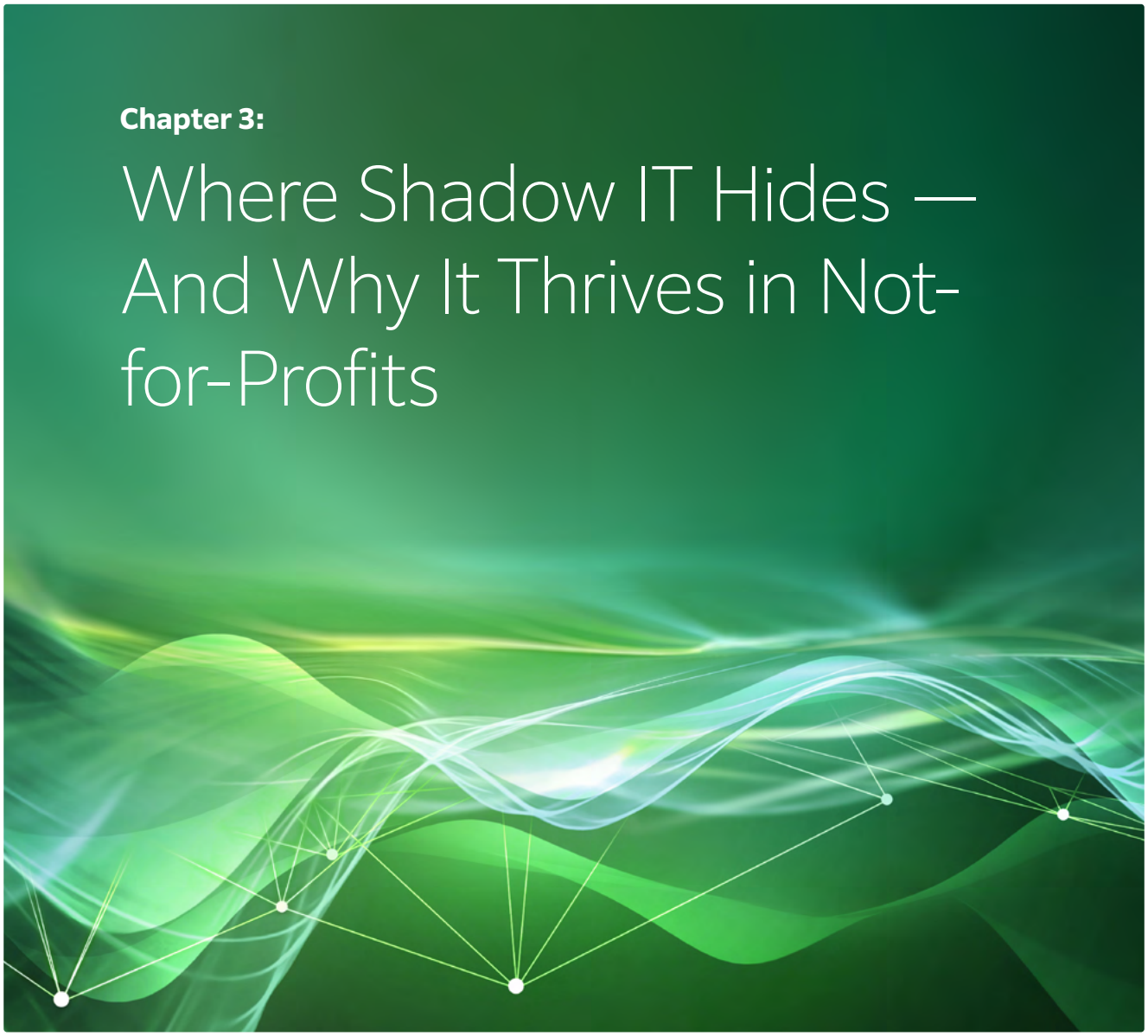
Governance: Without clear ownership and accountability, systems could proliferate again after a consolidation effort.

FUJIFILM IT Services helps NFPs navigate these challenges by offering:

- **Deep sector knowledge combined with technology expertise**
- **Frameworks for mapping, assessing, and prioritising digital assets**
- **Support for low-code integrations with the view to reduce complexity and cost**
- **Comprehensive change management strategies focused on people and mission**

Summary

Strategic consolidation is less about counting apps and more about aligning technology with mission priorities. In 2025, Australian not-for-profits face urgent cost, compliance, and complexity pressures — and it appears that digital clarity may be an enabler of sustainability and growth. With the right approach and partners, consolidation helps deliver financial savings, better data, improved user experience, and a foundation for innovation.



Chapter 3:

Where Shadow IT Hides — And Why It Thrives in Not-for-Profits

While many not-for-profits may recognise the risks and hidden costs of Shadow IT, few fully understand why it remains so pervasive. Unlike large corporates with dedicated compliance and procurement teams, Australian NFPs operate in a uniquely complex environment — consequently likely to make them vulnerable to technology decisions happening "in the shadows."

A Perfect Breeding Ground

Several factors create ideal conditions for Shadow IT to flourish in the NFP sector:

Under-Resourced IT Teams:
Many organisations operate with minimal IT staff — sometimes just one multi-tasking generalist or an outsourced provider with limited scope. This often leaves frontline teams to find and adopt tools independently to meet urgent needs (HLB Mann Judd, 2025).

Decentralised Decision-Making:
NFPs typically have multiple departments — fundraising, programs, retail, community engagement — each with its own budget holder. Without tight governance, it leads to individual managers signing up for new software easily on a company credit card, bypassing central oversight (Pitcher Partners, 2025).

High Staff and Volunteer Turnover:
Frequent changes in staff and volunteer rosters can disrupt continuity. New team members mayinherit poorly documented systems or sign up for new apps simply because they are unaware of existing tools.

Mission-First Mindset:
Unlike profit-driven organisations, many NFPs place immediate community impact above internal process efficiency. Staff and volunteers might do whatever it takes to deliver services quickly — even if that means side-stepping approval processes to trial a new tool.

The Most Common Hiding Spots

Shadow IT can hide in surprising places across an NFP. Some typical examples include:

Freemium Tools:
Free or low-cost versions of popular apps (e.g. survey platforms, event management tools) quietly accumulate because they don't require upfront spending.

Personal Devices and BYOD:
Staff or volunteers using their own smartphones or laptops to access files or apps not secured by the organisation's IT environment.

Cloud File Sharing:
Unauthorised use of personal Dropbox, Google Drive, or WeTransfer accounts to send and store sensitive data — creating risks of data loss and non-compliance.

Credit Card Purchases:
Department heads signing up for SaaS subscriptions using personal or team credit cards. These often bypass finance systems and slip under the radar.

Project-Specific Apps:
Temporary apps brought in for one campaign or event that become permanent because nobody formally decommissions them.

These hiding spots often mean that even when a formal software register exists, it can undercount the true digital footprint by 2–3 times (Convene, 2024).

Why It's Hard to Tackle

Recognising Shadow IT is only half the battle. Removing or controlling it can be even harder due to:

User Resistance:
People naturally defend familiar tools, especially if they solve real problems that official systems don't yet cover.

Integration Complexity:
Some unofficial apps have been embedded into workflows, making quick removal disruptive.

Lack of Visibility:
Without the right monitoring tools, IT teams cannot see which cloud apps staff are using in real time.

Perceived Red Tape:
Teams often worry that requesting approval will take too long, slowing urgent projects.

Turning Insight into Action

Understanding where Shadow IT hides allows NFP leaders to approach it constructively, rather than with blame. It's a signpost pointing to unmet needs or clunky legacy systems that need attention.

Key principles to tackle this:

1. See It as Feedback

Shadow IT often highlights gaps in usability or flexibility of official tools.

2. Prioritise Transparency

Foster a culture where staff feel safe to disclose tools they've added so they can be evaluated.

3. Balance Control and Flexibility

Not every unsanctioned tool is bad. Some innovations discovered at the front line can be scaled organisation-wide if vetted properly.

Leading into Next Steps

Now that you know where Shadow IT hides and why it persists, the next chapter outlines practical steps to shine a light on your entire technology landscape — and regain control without stifling the agility and creativity that make NFPs so impactful.

Chapter 4:

Shining a Light — How to Find and Control Shadow IT

Now that you know why shadow IT thrives and where it hides in Australian not-for-profits, the next step is turning awareness into action. For many NFPs, tackling shadow IT feels daunting — but with a clear process and the right tools, it's achievable and rewarding.

STEP 1 Uncover What's Really There

Start with a discovery audit.
Many NFPs underestimate how many tools they actually use. According to Convene (2024), typical charities in Australia underestimate their application count by at least 50% when shadow IT is included.

To uncover the full picture:

Interview team leaders and power users: Ask what software they use daily and why.

Review financial records: Look for recurring credit card charges for subscriptions outside your official vendor list.

Check browser and email records: Identify logins to external apps that IT may not know about.

Use cloud app discovery tools: Solutions like Microsoft Defender for Cloud Apps can scan network traffic for unsanctioned SaaS use.

A good audit isn't about policing — it's about understanding your actual technology landscape so you can make informed decisions.

STEP 2 Assess and Prioritise

Once you have a full list, the next move is to make sense of it:

Categorise apps by purpose: communications, fundraising, project management, file storage, marketing, etc.

Rate their importance: Are they business-critical or nice-to-have?

Identify duplication: Multiple tools for the same purpose often signal quick wins for consolidation.

Spot risks: Flag apps that handle sensitive data but don't meet your security or compliance requirements.

This prioritisation step ensures you focus your efforts where they will have the biggest impact on cost savings and risk reduction (Pitcher Partners, 2025).

STEP 3 Take Immediate Actions

You don't need to wait for a massive system overhaul to start improving. Some low-effort, high-impact actions include:

Cancel unused or duplicate subscriptions: Many tools quietly renew every month or year, even if nobody actively uses them.

Consolidate licences: For tools that are genuinely needed, move them onto a shared organisational plan instead of multiple individual accounts.

Update access controls: Remove ex-employees or inactive volunteers from cloud apps to reduce security vulnerabilities.

Communicate your findings: Share the results of the audit with staff to build trust and show transparency — this helps gain buy-in for any changes to come.

STEP 4 Put Guardrails in Place

Discovering shadow IT is only part of the solution. Preventing it from creeping back in is equally important.

Develop clear policies: Write an acceptable use policy outlining:

- What types of tools can be freely used.
- What requires approval from IT or management.
- How new tools are evaluated for security and compliance.

Make approvals simple: Lengthy approval processes drive people to find workarounds. Provide a straightforward, documented process for requesting new tools.

Offer better alternatives: Ensure official systems meet real needs. If staff find official tools clunky, listen to their feedback and improve them where possible.

Educate your teams: Explain the hidden risks of shadow IT: lost data, privacy breaches, duplicate spending. Awareness can be a powerful deterrent.

Lean on Technology Partners

Many NFPs don't have the time or skills to run ongoing monitoring alone. This is where a trusted IT partner can help with:

- Deploying cloud security tools to detect and block risky apps.
- Managing permissions and monitoring user behaviour.
- Providing advisory support on tool selection and policy best practice.

According to HLB Mann Judd (2025), 62% of Australian NFPs plan to expand their use of managed IT services to strengthen governance and reduce compliance risk.

From Discovery to Control

A practical approach to controlling shadow IT balances agility and oversight. By combining people-friendly policies, smart tools, and supportive governance, it helps NFPs to protect donor trust, comply with privacy obligations, and ensure every dollar works harder for the mission.

In the final chapter, we'll explore how to embed these good habits so it enables your organisation to stay in control for the long term.

Chapter 5:

Staying Ahead — Keeping Shadow IT Under Control for Good

Identifying and reducing Shadow IT is a crucial step. But the real challenge for not-for-profits is making sure it doesn't creep back in over time. Many organisations tidy up their tech stack once, only to find themselves back at square one a few years later.

In 2025, the pace of new apps and cloud services is faster than ever — so sustainable control should require a mix of clear policies, modern tools, people-first culture, and trusted support.

Make Policies Clear, Practical and Flexible

Rules that are too rigid often backfire. Staff may avoid asking for help if they think approvals are slow or impossible.

Effective policies should:

- **Spell out which software can be used freely (e.g. Microsoft 365, approved CRM tools).**
- **Define what needs formal approval — and how to get it quickly.**
- **Include guidelines for personal devices (BYOD) and remote access.**

Clear, plain-English policies empower staff to make safe choices without stifling their creativity.

Keep Communication Open

A healthy approach to Shadow IT is not "zero tolerance" — but open, honest dialogue.

- **Encourage staff to share ideas for new tools.**
- **Run quarterly check-ins with each team to discuss their tech needs and frustrations.**
- **Acknowledge when Shadow IT highlights gaps in official systems — then act on that feedback.**

When people feel heard, they're more likely to follow the rules and less likely to hide workarounds.

Train and Empower Your People

Most Shadow IT emerges from good intentions: someone wants to do their job better or faster. Practical training helps them do that safely.

Key focus areas include:

- **Understanding security basics (e.g. phishing, password hygiene).**
- **Knowing what sensitive data looks like — and where it shouldn't go.**
- **How to request new tools the right way.**
- **What to do if they spot a risk or mistake.**

Studies show that regular, simple training reduces accidental data leaks and misuse by over 40% (Infoxchange, 2024).

Use Modern Tools to Automate Oversight

Manual monitoring of every cloud app is unrealistic, especially for lean IT teams. Today's cloud environments make smarter oversight possible.

Many Australian NFPs now use tools such as:

Microsoft Defender for Cloud Apps

Designed to automatically scan for unauthorised app use.

Conditional Access Policies

Built with the view to blocks risky logins or suspicious downloads.

Multi-Factor Authentication (MFA)

Adds a layer of security even if someone uses a personal device.

A good rule of thumb: use automation to catch problems early, without creating an atmosphere of mistrust.

Get the Right Support

Maintaining healthy IT governance should not be viewed as a one-off project — it's an ongoing discipline. Not-for-profits may choose to share the load by partnering with a trusted managed IT provider.

Benefits may include:

24/7 monitoring and alerts for policy breaches

Regular audits and clear reporting to boards

Expert advice on vetting new apps quickly and safely

A fresh pair of eyes to spot trends you might miss internally

Pitcher Partners (2025) found that NFPs using managed IT services spend 30% less time on internal compliance tasks, freeing up staff to focus on their mission.

The Payoff: Confidence, Compliance, and Community Trust

When Shadow IT is under control, everyone wins, with the ideal being:

Staff have access to secure, user-friendly tools that truly work for them.

Leaders gain confidence that donor and beneficiary data are secured.

Boards see transparent reporting and lower risk exposure.

Donors and partners trust that every dollar is used wisely.

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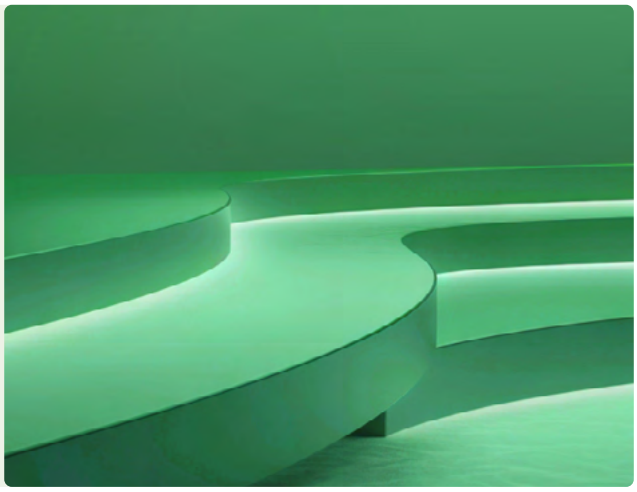
Key Takeaway

Keeping Shadow IT under control is not about rigid restrictions — it's about balance: giving people freedom to innovate, while protecting your organisation's integrity and resources.

By embedding smart policies, using modern tools, listening to your people, and leaning on trusted partners, it helps your not-for-profit to be secured, compliant, and ready for whatever comes next.



How We Work with NFPs

Every not-for-profit is unique — and so is our approach.

We work closely with you to understand your specific needs, challenges and goals, then look to tailor solutions that fit your environment and priorities.

From initial consultation through to solution design, implementation, training and ongoing support, we partner with you every step of the way to ensure lasting impact across your entire organisational ecosystem.

We understand the importance of trust, transparency and value for money in the NFP sector – and bring those values to every engagement.

Let's Create Smarter, More Connected Organisations

Discover how FUJIFILM Business Innovation Australia can help your NFP thrive today.

Why FUJIFILM Business Innovation Australia?

Experience working with not-for-profits of all sizes, across community services, advocacy, housing, education, and more.

Integrated capabilities across IT support, automation, cybersecurity, and document workflows. Experience improving how NFPs manage data, documents and operations.

Flexible solutions designed to scale with your mission and budget – not just your infrastructure.

We combine deep technical capability with a people-first approach, delivering practical, outcome-driven solutions for Australia's mission-led organisations.

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