ASOCIO Association Benchmarking Study

ASOCIO Plenary Meeting Pakistan
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Prepared by the Australian Information Industry Association (AIIA)

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Please note: *in the interests of privacy, Associations participating in the survey are not represented in a specific order throughout the figures and tables.*

Executive Summary

At the ASOCIO New Zealand Summit in 2005, ASOCIO members unanimously agreed that a survey which benchmarks industry associations against each other would prove a useful tool for ASOCIO members. Several ASOCIO members agreed to participate in the survey. The Australian Information Industry Association (AIIA) agreed to administer the project.

The purpose of the Benchmarking Exercise is to:

- Create an environment of information sharing in the area of structural and administration processes and specifically in the areas of finances and membership, services and other activities;
- Comparing performance within the Asia Pacific region ;
- Identify good practice standards, and
- Build member associations' knowledge of effective processes which leads to continuous improvement.

The survey was distributed to all ASOCIO members. Of those who received the survey, four ASOCIO members completed the survey. These associations were an even representation of ICT associations operating in the Asia Pacific. There was a considerable variation in association size, structure, internal administration and strategic direction.

Participants of the survey considered various elements of their association. A brief summary of each section and the results can be found below.

The direction of the Association
Participants shared similar value propositions and organisational outlook. All respondents indicated their association valued a global vision and strived to be the peak body representing the ICT industry in their economy. The strategic direction of participants varied depending on internal and external variables. The growth strategies of those surveyed included the focus on membership, marketing and the implementation of education and business institutions and international standards within their economy including IP rights and environmental standards. In addition, maintaining stakeholder relations was noted as being an important focus as well as enhancing thought and strategic leadership, research and strengthening employment in the ICT sector.

Income & Employees
Analysis into the various aspects of revenue and staff employment indicated that associations varied in revenue models. The majority of respondents however have adopted a fee-events based revenue model with a smaller proportion of revenue being made by commercial and ‘other’ services. Fees were a primary contributor to overall revenues across all respondents (between 30-52%). The contribution of other

segments to overall revenue varied including events (15%-47%), commercial services (6%-30%) and 'other' types of income (0%-25%).

The respondents indicated that employment figure varied between 6-20 full-time staff and 10 or fewer part-time employees. Employee churn rates varied between 2-35% with half of the respondents measured their churn rates between 20-35% while the remaining respondents varied between 2-5% and 19%.

Membership Information
The majority of members surveyed belonged to the software and services sector with half of respondents focusing primarily on software and services and the remaining respondents focused on wider industry sectors such as hardware, telecoms and communications sector as well as software and services. Sector revenue was generally evenly distributed amongst software and services. For those respondents whose associations had a wide industry focus, revenue was evenly spread across all ICT sectors with a significant contribution from the hardware sector. The majority of small-to-medium (SME) businesses were located in the software and services sector (60% or above) with comparative results of foreign owned or multi-national companies (MNC's) operating in the software and services sector (10%-30%). SME participation in sectors such as communications, hardware and telecoms was significantly lower (in some instances less than 10%).

New memberships and registrations varied depending on the development and size of the association. When comparing the membership resignations to the overall membership base, membership resignations represent between 0 and 15% of total members within the association.

Fee Modelling: The majority of respondents noted their association has full-fee paying members and all respondents reported on having a uniform fee structure. Association membership encompassed a range of member categories. Half of those surveyed reported that fees were based on revenue while the remaining respondents had a flat rate in each member category and based fees on staff numbers.

Association Governance
Participant responses reflected similar governance models. The majority of participants indicated the Board or Council had between 3-5 meetings per year. In addition, the majority of respondents had a direct election. All participants indicated that office holder appointments were elected by the Board. The majority of respondents noted that the association followed a governance model that entailed a financial committee. Chairman appointments varied with the length of service for the Chairman being reported as being generally flexible. All respondents reported that the association's CEO /Executive Director or President's had over 10 years experience.

Lobbying & Services
*P*articipants indicated relatively similar government lobbying interests. Participants commented that government lobbying occurred at all levels in order to influence policy and facilitate smooth business. Lobbying of international government and stakeholders as well as other industry bodies was also highlighted as an important activity. In terms of media, the respondents had similar stances regarding comments to the media, all respondents reported media comment a least once (or more) per month. The majority of respondents noted that either the CEO or Chairman would be the normal spokesperson for their association.

All participants surveyed indicated that the scope of member services included lobbying and events, facilitating member networking, marketing intelligence and the majority of respondents provided training services. Respondents indicated that there were numerous special interest groups in operation which catered for the needs and issues in each ICT industry. All participants indicated they have regular communication with members though bulletins, newsletters and events news. Commercial services were not reported to be a large part of association business.

Internal Administration
All participants had a uniformed approach to coordinating and managing a business plan which is reviewed annually. Interestingly, only one respondent out of all participants reported that they benchmark themselves against other organisations and ICT bodies. Moreover, all respondents indicated that their organisations operated under a not-for-profit policy. When considering policy on profits (as of June 2005), all participants indicated that the profits made were generally small and all retained profits went to growing the association business for future development and investment.

In terms of outsourcing of activities, all participants reported to outsource event management. Other activities which were noted as being outsourced included legal, media, tax and policy.

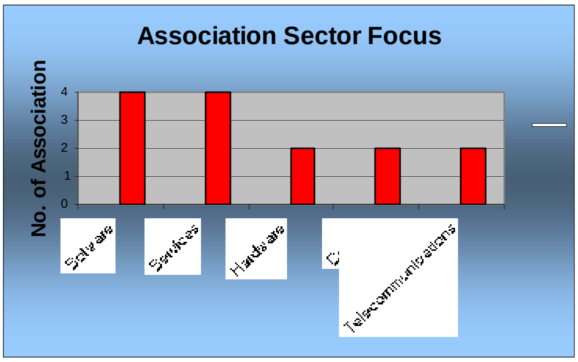
Values and Issues
Respondents indicated that they valued government representation and lobbying very highly. The value of membership recruitment and media coverage was also considered to be significant. Feedback from the respondents indicated that staff churn rates were of minor concern. Moreover, membership resignations as well as the association’s capacity for growth were issues of relatively high importance.

The Direction of the Association

This section analysed the specific ICT sectors that each industry association is involved in (software, services, telecommunications, hardware….). The main objectives and mission statement is defined, as well as the proposed growth strategy of the association.

All survey participants had a primary focus in the software and services sector. Half of the participants who responded had its sole focus on these sectors. The remaining participants focused on the wider industry as well as software and services, such as the communications, telecoms and hardware sector (please refer to Figure 1).

Figure 1: Association sector focus

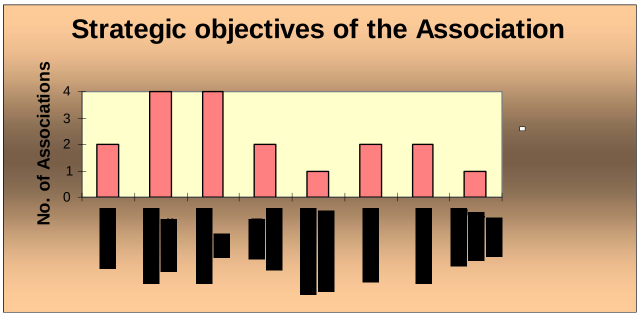


The value proposition for the respondents included two elements; firstly, all respondents have a global vision to position their economies ICT market as a strong sector in the world ICT market. Secondly, all participants aim to be the primary industry association representing the ICT industry in their economy. There was also a strong focus for one particular respondent for their association to be a significant actor in the 'digital economy'.

The strategic direction of participants varied significantly. The difference in strategy could be viewed as being a result of internal and external variables within each association including the; size and development of the ICT sector and the level of prominence the association has within the ICT industry. In terms of future direction, respondents commented on various aspects of association business. Figure 2 illustrates the similarities in association approached to growth strategies. Some growth strategies included the focus on growing the membership base and following the growth patterns of the industry sector in the economy. Other strategies focused on marketing strategy development including; growing the economies brand name to ensure the ICT sector can compete globally and targeting specific ICT clusters within the ICT sector to compete globally. Respondents also highlighted the strategy to develop education and business institutions. Furthermore, there was a focus on implementing global standards including IP rights and environmental standards. Enhancing association stakeholder relations was noted as being an important focus by some respondents in order to improve networking with Central and State

Governments, global stakeholders and member relations. Finally, other strategies raised by the respondents included enhancing thought and strategic leadership and research as well as the importance of strengthening the economies employment in the ICT sector.

Figure 2: Strategic objectives of the Association

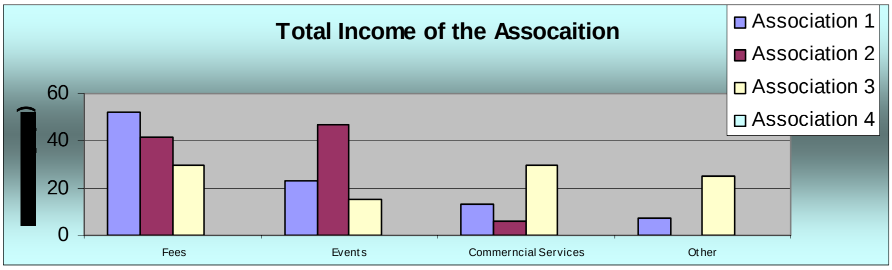


Income & Employees
In this section, respondents explored the various revenue segments that contributed to the total income of the association including fees, events and commercial services. The number of paid staff and staff churn rates was also covered.[1]

Although there were imilarities in specific sector income revenue the respondents illustrated that the composition of revenue varied across associations (please refer to Figure 3). Fees contributed to between 30-52% overall revenues indicating that it's significance as a primary contributor to revenue. The contribution that events made to overall revenue varied from 15%-47%. Commercial services contribution also varied from 6%-30% and 'other' types of income varied from 0%-25%.

The majority of respondents have adapted a fee-and-events based revenue model with a much smaller proportion of revenue being made by commercial and 'other' services. One respondent to the survey however had an even distribution of revenue across all income types.

Figure 3: Total Income of the Association



Please note: One respondent was unable to participate in this section of the survey

In terms of number of staff being employed by each association, the majority of respondents employed 11-20 full-time staff. One responded indicated that the association employed between 6-10 employees. Part-time employees varied although all participants reported they employed 10 or fewer part-time employees. Half of the participants reported they employed no contractors and the remaining respondents reported to employed 1-2 contractors. No full-time equivalents were reported to be employed. Employee churn rates of associations varied between 2-19% and 20-35%- half of the respondents measured their churn rates in the latter bracket while the remaining respondents varied between 2-5% and 19%.

[1] Please note that not all participants responded to this section of the survey

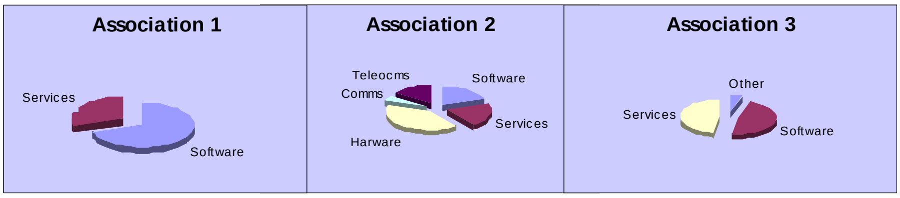
Membership Information

Participants were asked to describe the percentage of member companies within each industry sector (software, services, telecoms, hardware…), the percentage of sector revenue and the percentage of small-to-medium business (SME's) compared with foreign-owned companies present within each sector. This section also covered how many members each association had (including full and non-full paying members), new members signed to the association and the number of resigned members in 2005. The Associations fee structure was measured including determinations of membership fees and the highest and lowest fees.

As mentioned earlier in the report, the majority of members surveyed belonged to the software and services sector. Half of the participants focused primarily on software and services (please refer to Figure 1). The remaining respondents focused on hardware, telecoms and communications sector as well as software and services. For some associations who had a wide industry focus, sector revenue was evenly spread across all sectors (with a significant contribution from the hardware sector).

Sector revenue varied within the software and services sector although it remains a predominant segment of total income. Figure 4 illustrates that some participants reported software was the dominant contributor over services while other participants reported services contributed more. One participant reported these sector contributions were equal.

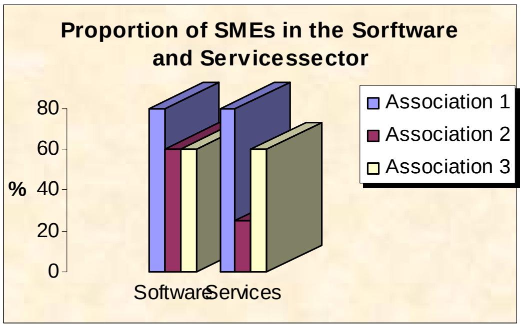
Figure 4: Sector Revenue



Please note: One participants was unable to participate in this section of the survey

In terms of the proportion of SME's in each sector, the majority of SME's were located in the software sector. The analysis of this section of the survey reflects a similar percentage variations of SME presence in each sector- all responses to this question noted that the SME presence in the sector was 60% or above. Figure 5 illustrates the proportion of SME's in the software and services sector as a percentage of Association members. Respondents reported that there were 30% (or in some instances less than 10%) of MNC's operating in the software and services sector. Comparatively, participants noted that SME participation in sectors such as communications, hardware and telecoms were significantly lower (in some instances less than 10%). One respondent noted that the foreign-owned presence in the telecoms, hardware and communications sector equalled 95%, 85% and 60%.

Figure 5: Proportion of SME's in the Software and Services sector



The size of association membership bases and the number of new members and resigned members in 2005 varied considerably. The majority of respondents had between 80-114 new members in 2005.One respondent had between 11 and 25. Membership registrations also varied depending on the maturity and size of the association. Participants reported that resigned members in 2005 ranged from 0 to 70. Membership resignation can be argued to be dependant on the size of the member base and focus and objectives of the association on specific market sectors. When comparing the membership resignations to the overall membership base, resignations represented between 0 and 15% of total members within the association. Figure 6 gives member resignations (2005) as a percentage of percentage of total membership.

Figure 6: Member resignations in 2005 as a percentage of percentage of total membership

Fee Modelling
An association can base its fees on a range of company traits. For example, fees can be based on the size of your member companies (company revenue), the number of staff in the member company or the market sector in which the member is primarily based in. Out of the respondents surveyed, half reported that fees were based on revenue, one respondent based their fees on staff numbers (the number of or programmers) and the final respondent reported their fee structure was a flat rate in each member category.

The majority of respondents had a full-fee paying model and a uniformed fee structure. One respondent noted they have a revenue-bracket based fee structure while another respondent reported to have an institutional and individual-based fee model. When considering fees for services, half of the respondents reported to have fees for specific services while the remaining respondents reported to have no extra service fees.

Membership categories composed of various segments including; r

- Regional members;
- Sector-based members;
- ICT related professional institutions;
- Honorary members;
- Individual life members;
- Service-based members;
- Institutional life members, and;
- Affiliate members- companies which assist the ICT industry such as training companies, legal firms etc.

There were also varied responses regarding the highest and lowest membership fees when compared in monetary terms as well as a percentage of revenue. In monetary terms, highest fees varied from US$21 to US$35,000 and lo0west fees varied from US$4 to US$668.

Association Governance

This section explores the governance model of the association including; the number of directors on the board or Council, the length of service of the Chairman and Directors and the number of meeting per year. It also looks at the election model of the Board or Council, method of appointment and Board sub-committees. It covers information regarding the Chairman's appointment and length of service as well as the approximate number of days per year the Chairman is on association business. The CEO/Executive Director or President's work experience was also addressed in this section. Table 1 illustrates Governance activities across all Associations.

The respondents reflected similar governance models. Half of the respondents indicated their association consisted of 11-20 Directors members and the remaining respondents reported there were 21 or more Directors. The length of service for the Chairman varied considerably from 1-50 years (half the respondents reported a 1 year length of service). This was also the case with the length of service of the Directors.

The majority of participants indicated the Board had between 3-5 meetings per year. One respondent noted the Board had 21 or more. Furthermore, the majority of respondents had a direct election model for the Board or Council. One respondent however noted that the election process was dependent on parliamentary procedure. All participants indicated that office holder appointments were elected by the Board.

In regards to whether associations had an oversight committee for financial matters, the majority of respondents noted the association followed a governance model that elected a financial committee. Half of respondents indicated that their associations elected an Executive Committee through direct election. One respondent commented on using a different election model: Executive Committee members were directly elected by the Board and two were elected by the Chairman.

Chairman

Chairman appointments varied between 12 months (half of the respondents) to 5 years. The length of service for the Chairman was fairly flexible. One respondent indicated length of service was 12 months (or less), another respondent indicated approximately 2 years (although technically there is no limit). Another respondent noted 3-4 years and the final respondent indicated there was no limit.

This section also identified approximate days the Chairman goes on association business. Responses varied from 0-2 days to 21 or more. In terms of the Association's CEO /Executive Director or President's experience, all responses indicated over 10 years experience.

Table 1: Governance activities

Governance Activities	**Association 1**	**Association 2**	**Association 3**	**Association 4**
No. of Directors	11-20	21+	21+	11-20
Length of service of Directors	6	1	5	10 or more
Length of service of Chairman	1	2	5	10 or more
Meetings per year	3-5	3-5	3-5	21+
Election model	Direct Election	Direct Election	Direct Election	Direct Election
Method of appointment	Elected by the Board	Direct Election	Elected by the Board	Elected by the board
Oversight body for finance	Yes	Yes	Yes	Yes
Election of an Executive Committee	Yes	Yes	Yes	Yes

Lobbying & Services
Information in this section includes the various aspects of Government lobbying associations are involved with, whether the organisation makes comment in the media and the scope of membership and commercial services.

Government Lobbying
ASOCIO participants in the survey indicated relatively similar government lobbying interests. Participants commented they lobby government at all levels in order to influence policy, facilitate smooth business and interact regularly with government stakeholders. Issues that respondents have identified include lobbying the government to develop industry friendly policies in the areas of:

- Free trade agreement- for example, arguing for zero tariff protection, standardised regulation and national treatment;
- Strong standards in intellectual property and data protection laws;
- Deregulation of the telecom market;
- The creation of software technology parks;
- Private sector participation in the education system;
- Government procurement;
- National ICT policy;
- ICT Deficit;
- ICT and recycling- the environment issue;
- Encourage government participation in ICT reporting;
- Tax / Incentives for investment, and;
- Incentives for software businesses.

Lobbying of international government and stakeholders was also been highlighted as an important activity in order to promote a win-win partnership in areas of trade, standards and global sourcing. Global alliance lobbying on software quality standards, immigration policies, WTO and free trade in services, and next-generation best practices in global sourcing of services was also reported by participants as being a current activity.

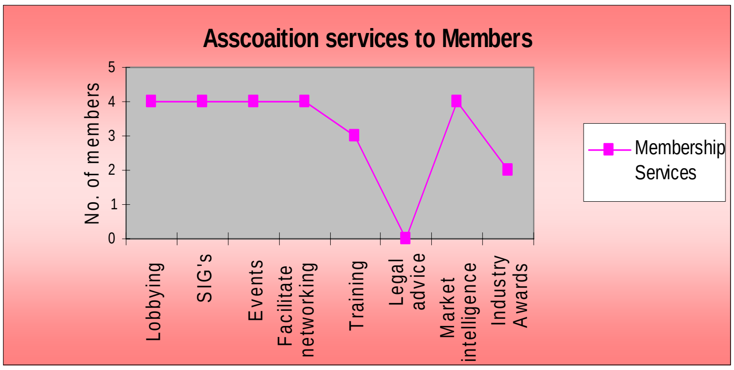
Media
Respondents had similar stances regarding media interaction. Half of the respondents indicated they comment to the media once per week. The other respondents make comment in the media once per month. The majority of respondents noted that either the CEO or Chairman would be the normal spokesperson for their association. Other spokespeople include Directors, General Manager and other people in the executive council. None of the Associations surveyed used an issues expert or a media advisor.

Membership services
All participants surveyed indicated that the scope of member services included lobbying, events; facilitating member networking, marketing intelligence and the majority of respondents provided training services. Two respondents provide industry awards services. None of the respondents indicated that they provide legal services. A full list of member services list can be seen below in Figure 7.

Special interest groups (SIG's) in operation which the respondents highlighted included:

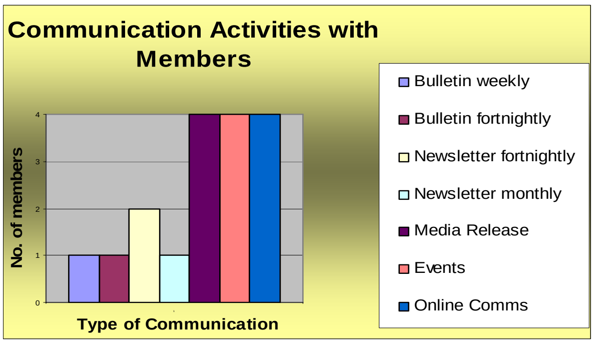
- Environment;
- Education and Skills;
- Government Procurement;
- Public Policy;
- SME's;
- Products;
- Engineering Services;
- ITES-BPO;
- Security;
- IT Workforce;
- Innovation;
- Emerging Companies;
- Quality, and;
- IT students.

Figure 7: Association services to members



Frequency/Means of Communication
All participants of the survey indicated they have regular communication with members. Respondents communicate with members through media releases, event notifications and other communication. Half of those surveyed indicated they send fortnightly bulletins and one respondent noted that they send monthly newsletters. One respondent reported on sending weekly bulletins and one reported on sending a fortnightly bulletin. Figure 8 (below) reflects member activities regarding member communication.

Figure 8: Communication activities with members



Commercial services

Commercial services were not reported to be a large part of association business. All respondents reported that they provided reports to members although none of the participants provided commercial services such as benchmarking, legal or financial services.

Internal Administration

This section included information regarding organisational planning, including whether the Association has a business plan, Board or staff retreats or whether the association benchmarks itself against other ICT associations or non-industry bodies. Outsourcing of activities is also looked. Finally, financial arrangements including policy on profits, whether the organisation is not-for-profit and other policies on reserves is analysed.

The participants of the survey all responded that they coordinate and manage a business plan which was reviewed annually. Half o the respondents commented they have Board or staff retreats annually- one respondent noted staff or Board retreats were occasional. Interestingly, only one respondent out of all participants reported that they benchmark themselves against other organisations and ICT bodies, the majority of respondents reporting it was not common practice to do so.

When discussing financial arrangements, all respondents indicated that their organisations operated under a not-for profit policy. When considering policy on profits (as of June 2005), all participants indicated that the profits made were generally small and all retained profits went to growing the association business for future development and investment. One participant commented that they aim to make a surplus when organising events and receive sponsors. Another participant commented that any profits generated would be used to create infrastructure to provide better services for members. Furthermore, one participant commented that their association organises or coordinate integrated programs with national and international organisations.

In terms of outsourcing of activities, all participants reported to outsource event management. Other activities which were noted as being outsourced included legal, media, tax and policy. All participants reported they did not outsource financial arrangements.

Association Values and Issues

In this section, participants were asked to measure the value that their association places on various activities, Government representation and lobbying, membership recruitment, media coverage, commercial services and membership retention. Participants were also asked to measure issues the Associations has regarding staff turnover, limited growth capacity and membership resignations.

Respondents indicated that they consider government representation and lobbying important. The value of membership recruitment and media coverage varied but was still considered significant. Commercial services varied; half of the respondents considered it to be of high importance while the remaining respondents placed it in a ‘low-value’ category.

Interestingly, although the results for employee churn rates reflected that churn rates were relatively high, feedback from the respondents indicated it was of minor concern. Moreover, membership resignations were an issue of relatively high importance. A further issue of importance for the participants surveyed was the limited capacity for association growth.

Final Comments

The survey illustrated that ASOCIO members operate using the same (or similar) processors, particularly in regard to governance, lobbying and services and internal administration. The strategic direction of each association reflected that although all ASOCIO member participants shared the same long term vision of their association, each association's goals and objectives are still dependant on many internal and external variables due to the state of the ICT industry and the association's prominence within the economy.

The 'membership' and 'income and fees' section reflected significant differences in the way associations conduct their fee modelling and member categorisation. Associations varied considerably in membership resignations and new members in 2005. It can be argued that the presence of internal variables (such as the size of the association/appropriate mechanisms in place to deal with membership) and external variables (such as the presence of other industry bodies present in the market/composition, size and volatility of the market) can ultimately affect membership retention. It was interesting to note that all associations had a strategic plan and uniformed internal processors.

Identifying 'good practice' standards: The survey highlights the importance to develop uniform standards in order to maintain overall effectiveness. Some of the areas which associations can develop standards include goals to enhance the strength of the association, administration and governance and standards in the value for association members.

The objective to benchmark ASOCIO members against one another enabled an environment of information sharing and cooperation in order to increase effectiveness of associations. Although there were some inconsistencies present in the survey, it can still be used in the future to build knowledge of effective processes which leads to efficiency and effectiveness.

All ASOCIO members are encouraged to participate in the survey on an annual basis as a means to build and share knowledge within Asia Pacific ICT associations.