Integrating Technology into CDFI Small Business Lending: The Real Deal

August 3, 2022
Business Ownership Initiative

The Business Ownership Initiative works to expand economic opportunity through business ownership. We work closely with micro- and small business practitioners and the institutions that invest in them to build knowledge and strengthen practice. BOI is an initiative of the Aspen Institute’s Economic Opportunities Program.

Learn more at as.pn/boi.
BOI’s past work on technology
Presenters

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Senior Fellow, BOI
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Agenda

3:00 - 3:25  Explore key concepts in technology adoption with key relevance to CDFI sector

3:25 - 4:05  Q&A/Your thoughts and perspectives

4:05 - 4:15  Solicit your feedback about future webinars/content
Interaction

- Q&A feature
  - Pose your question or “upvote” questions asked by others

- Chat
  - Share your perspectives and experiences on the issues we’re discussing
Thank you

This webinar was developed as part of the Global Inclusive Growth Partnership, a collaboration between the Aspen Institute and the Mastercard Center for Inclusive Growth
Policy, process or technology - which comes first and why?
**Phase 1** Collect Underpants

**Phase 2** ?

**Phase 3** Profit
Deploy Technology

- Scale
- Cut costs
- Improve service
- Raise capital
Business Process Reengineering Life Cycle

1. Define corporate visions and business goals
   - Visioning

2. Identify business processes to be reengineered
   - Identifying

3. Analyze and measure an existing process
   - Analyzing

4. Identify enabling IT & generate alternative process redesigns
   - Redesigning

5. Evaluate and select a process redesign
   - Evaluating

6. Implement the reengineered process
   - Implementing

7. Continuous improvement of the process
   - Improving

Manage change and stakeholder interests
Phase 1
Technology

Phase 2
Process

Phase 3
Policy & Identity

Identity & Policy

Process

Technology

Integrating Technology into CDFI Small Business Lending
What is total cost of ownership (TCO) and why does it matter?
Total Cost of Ownership
Realizing Value from Technology
Or, why is scale important in realizing the benefits of technology?
The success of the IT department in demonstrating IT’s business value
Percentage of respondents

- 14% Rarely been successful
- 7% Consistently successful
- 30% Usually successful
- 49% Sometimes successful

Base: n = 166 Gartner Research Circle members. Base excluding “not sure.” How successful has the IT department been in demonstrating the business value of IT in your organization?
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## Impact of IT on an Organization

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<thead>
<tr>
<th>Economic Impact</th>
<th>Agency Costs</th>
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<tbody>
<tr>
<td>● IT changes relative cost of capital</td>
<td>● Organizations experience agency costs (the cost of managing and supervising) as they scale</td>
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<td>● IT lowers the cost of information</td>
<td>● IT lowers cost of managing and supervising by increasing transparency and reducing management “friction”</td>
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<th>Transaction Costs</th>
<th>Organization and behavioral impact</th>
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<td>● IT lowers the marginal cost of “transactions”</td>
<td>● IT flattens organizations (decision making is pushed to lower levels/automated)</td>
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<td>● IT may decrease or increase the fixed costs of transactions infrastructure</td>
<td>● Fewer managers are needed (IT enables faster decision-making and increases span of control)</td>
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<td>● IT can decrease or increase the cost of change</td>
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How do public and private funding practices create challenges and what can be done about them?
Technology Adoption Life Cycle

- **Type A**: Innovators 2.5%, Early Adopters 13.5%
- **Type B**: Early Majority 34%
- **Type C**: Late Majority 34%, Laggards 16%
“The Chasm”

For Profit Sector

Social Sector

- TypeA
- TypeB
- TypeC
Q&A: What questions do you have?

Chat: What experiences would you share?
What resonates with you, what would you disagree with?
Chat: What more would you like to hear on this topic? What information would be useful?
For more on our content and work: as.pn/boi
Twitter: @Aspen_BOI