



**Nonprofit  
Enterprise and  
Self-Sustainability  
Team (NESST)**

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**29**

**English**

Tiflonexos Asociación Civil

# New technologies and self-financing: a complement to social integration

This study was prepared in  
collaboration with Tiflonexos  
Asociación Civil



[www.tiflonexos.com.ar](http://www.tiflonexos.com.ar)

[www.tiflolibros.com.ar](http://www.tiflolibros.com.ar)

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- 1 NESST uses the term *civil society organization (CSO)* to refer to a wide range of formally registered nonprofit, non-state organizations or community-based associations and groups that fall outside the realm of the government and business sectors. In Argentina, this definition includes the legal entities association and foundation.
- 2 This document uses the term *blind* to refer to persons who are 100% blind. The term *visually impaired* refers to persons with partial blindness.
- 3 NESST uses the term *self-financing* to refer to diverse strategies used by civil society organizations to generate their own revenues, including service fees, sale of products, use of hard or soft assets, membership dues, and investment dividends. NESST uses the term *social enterprise* to refer to self-financing activities that are designed by a CSO to significantly strengthen its financial sustainability and further its mission.

## Executive Summary

<b>Geographical location</b>	Buenos Aires, Argentina
<b>Focal area</b>	Access to technology for blind persons
<b>Annual operating budget</b>	Ar\$ 541.400 (US\$ 177.000)
<b>Percentage of budget self-financed</b>	70%
<b>Method of self-financing used</b>	Sale of products and services; membership dues
<b>Year founded</b>	2001

Tiflonexos is a civil society organization (CSO)<sup>1</sup> working for the full social integration of blind and visually impaired<sup>2</sup> persons through the use, development, and adaptation of new technologies. It was founded in 2001 to provide an institutional framework for the work initiated in 1999 by Tiflolibros, the first library for Spanish-speaking blind persons on the Internet.

Today, the organization operates a library of more than 25,500 books and has over 3,500 users from more than 44 countries, providing easy access at no cost to a wide range of books and other reading materials for the visually impaired that were previously difficult, if not impossible, to find. It also provides training services on the use, technical support, maintenance, and repair of IT equipment for the blind and also sells Braille printers. The organization has a German version of the Tiflolibros library that was translated and is now coordinated by a Group of German users and students of translation and interpretation. It also offers a service for Braille printing and adaptation of materials, sells products for blind persons such as walking sticks and Braille boards, and has an MP3 audio book service. In addition, Tiflonexos organizes opportunities for contact and exchange among blind persons around the globe.

The organization grew out of the recognition of the enormous possibilities that open up to blind persons by new IT and communication technologies. It emerged when library users began requesting specific services in this area, which led to the creation of the association and the possibility of implementing self-financing activities.<sup>3</sup> As it grew, members organized so that these activities would ensure the association's financial sustainability.

Tiflonexos used the experience and abilities of its professional team to develop projects that both generated income and furthered the organization's mission.



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## Section A: Background

In the 1990s, Argentina's economy grew at a rate of 50% as a result of privatization and external borrowing, while unemployment grew by 123%, from 6.5% to 14.5%. The last figure does not include those already unemployed or those receiving social welfare assistance; taking those into account, unemployment grew by 250%.<sup>4</sup>

In 2001, a serious economic and social crisis unfolded in Argentina; almost 20 million of the country's 38 million inhabitants were living in poverty and around 8 million of these in extreme poverty.<sup>5</sup> In other words, more than 50% of the population was living below the poverty line. With the subsequent economic reactivation, by 2007 this rate had dropped to 33%.

The number of CSOs in Argentina increased significantly in the 1990s. According to official records, in 1999 there were around 80,000 CSOs<sup>6</sup> in Argentina and by 2005 this figure had grown to 105,000 organizations.<sup>7</sup>

Argentina's civil society is considered by most experts to be broad, diverse and fragmented. Although CSOs play a leading role in Argentine society, their relationship with the state and the government in power has not always been favorable. Given the state's weak administration of social policies and the business sector's limited capacity to meet the economic needs of broad segments of the population, CSOs emerged to more widely meet the needs and serve the interests of the public. The civil society also performs other functions such as overseeing government, generating social networks, promoting volunteer work and donations, making information available, and mobilizing considerable economic and financial resources.

### A.1 Unemployment and lack of education for the disabled

According to a survey on disabilities conducted by INDEC, 7.1% of Argentina's population—some 2.7 million individuals—have some sort of disability. Many of these people are currently unemployed, but would be able to work with adequate training. This situation is produced by the lack of tools for the visually impaired to facilitate learning, coupled with poor enforcement of Law 22.431, which establishes the rights of disabled persons.

This law stipulates that 4% of public sector employees should be persons with disabilities. In practice, however, this quota has never been respected. The law also establishes a special tax credit on earnings for private companies that hire disabled individuals.<sup>8</sup>

Through technology, visually impaired persons can use computers that are adapted with screen readers. These programs are installed on a regular

- 4 [www.ieco.clarin.com/notas/2007/10/25/01526639.html](http://www.ieco.clarin.com/notas/2007/10/25/01526639.html)
- 5 [www.clarin.com/diario/2002/11/18/s-02415.htm](http://www.clarin.com/diario/2002/11/18/s-02415.htm)
- 6 CENOC - Centro Nacional de Entidades de la Comunidad (National Center of Community Entities), part of the Ministry of Social Action.
- 7 IDB/UNDP/GADIS: 2004.
- 8 <http://www.clarin.com/diario/2007/04/14/sociedad/s-05015.htm>



computer and use a sound board and Windows multimedia program to read the information on the screen out loud in a synthesized voice. This enables blind persons to work with most types of computer programs, such as word processors, spreadsheets, databases, email, instant messaging programs, and the Internet in general. Nevertheless, this technology is not yet available to most visually impaired persons because it is cost-prohibitive and training and information is scarce. As a result, this limits access of the visually impaired to education and employment.

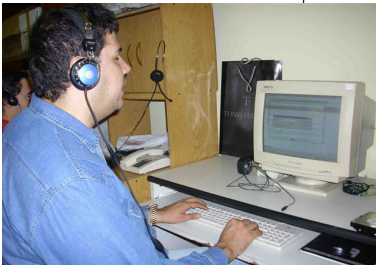
Tiflonexos' goal to achieve the social integration of blind and visually impaired persons in Argentina emerges in response to this scenario.

## Section B: The organization

### B.1 History and mission

Tiflonexos is a nonprofit association founded in 2001 as an outgrowth of Tiflolibros, the first online library for Spanish-speaking blind persons. It originated in 1999 when a group of blind persons in Buenos Aires began exploring the potential of informatics tools adapted for the blind. Using the Internet, they created the Tiflolibros e-list. This was the first step towards developing a library of books stored as computer files, which were compiled by the users themselves and made available to visually impaired persons around the globe.

The founders of the organization furthered the initiative through the use of their own personal computers, using free online resources, e-lists, and other Internet-based opportunities. They began to receive support from authors and publishers; over time they realized that the project would have to take on a more suitable institutional structure. In 2001, Argentina's economic crisis, coupled with the simultaneous expansion of Tiflolibros as a library and space for users to exchange and disseminate information, led the organization to seek outside sources of finance to supplement the work and contributions of its founding members who were feeling the impact of the serious crisis facing the country at the time.



*This organization is characterized by its innovation. The programs it develops are its own self-financing activities.*

Tiflonexos was thus created as a nonprofit association to manage the Tiflolibros project, undertake other projects related to disabilities and access to information, technology, and culture and to attract external funding sources.

Tiflonexos' mission is to promote the comprehensive development of blind persons and visually impaired persons through the adaptation, use, and development of technology. To achieve its mission, the organization began focusing on new projects that would generate a social impact in these areas and attract the resources needed to sustain the organization's structure and the technology required for the growth of Tiflolibros.



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## B.2 Programs

Tiflonexos has demonstrated a high capacity for innovation and a proactive attitude in its constant search for initiatives of benefit to its members. In addition to the digital library and exchange forums, its programs include a wide range of self-financing activities.

Its current activities include the following:

- ***Tiflolibros digital library.*** The first digital library for Spanish-speaking blind persons on the Internet, consisting of computer files read using screen readers. It offers free access to more than 23,000 publications for its 3,000 + users in the Americas, Europe, and Asia. It provides quick access to a broad range of books and other reading materials that were previously difficult to find. It also promotes the exchange of resources and experiences between blind persons across the globe through its e-lists.
- ***Audio books in MP3 format.*** Books from the Tiflolibros library are offered in audio MP3 CD format, to make them accessible to persons without specially adapted computers or those who lack the necessary training in computer and/or Internet use. Approximately 300 people use this service, mostly in Argentina. The service has high demand from senior citizens who lose their vision as they grow older and want to continue reading but do not know how to read Braille. This service costs Ar\$ 4 (US\$ 1) for each book requested.
- ***Training service on the use, technical support, maintenance, and repair of IT equipment for blind persons.*** Tiflonexos offers a wide variety of services to enhance the use of existing technologies. The service is available to both individuals and institutions. It offers local equipment repair options that were previously only available in Spain or the United States. Thanks to this service, a large number of devices are now being used that were previously broken or out of use. This commercial service is cheaper because it is provided locally but still generates revenue to ensure its own sustainability. It also funds other activities implemented by the organization.
- ***Sale of Braille printers.*** The technical support team works in collaboration with a few companies that distribute technology adapted for blind persons. Three years ago, the organization became the distributor of two models of Braille



*Tiflolibros is the first online digital library for Spanish-speaking blind people.*



printers, which are sold in conjunction with training, maintenance, and support. This has increased the use of and access to such resources, as they were formerly sold by a company that had a monopoly and did not offer support services. The revenue from the sale of these printers is used to finance other activities of the organization.

- ***Sale of products.*** Additional products in short supply in Buenos Aires are also offered, such as walking sticks and Braille boards.
- ***Braille printing service and adaptation of materials.*** Tiflonexos also offers Braille printing of documents, restaurant menus, invoices, books and more. The service is targeted especially to companies and organizations, though they have some private clients as well. It generates income to sustain other activities carried out by the organization.
- ***Tiflobros Germany.*** This is a German-language version of the Tiflobros library, translated and coordinated by a group of German users and students of translation and interpretation. The system and the database of books is the same one used for the Spanish language library, and exchange among German and Spanish users is encouraged. There are currently around 200 users in Germany, Switzerland, Austria, Holland, and Denmark and 5,000 books in German.
- ***Activities fostering contact and exchange.*** These occasional activities are held to foster social contact and exchange among users at both the local (user meetings and cultural activities held in Buenos Aires, etc.) and international levels. To date, four international meetings of Tiflobros users have been held, in combination with the sale of tourist packages that include a variety of activities to foster contact and exchange and other services.
- ***Fictional stories about blind persons.*** This print book was published in 2006 and offers a collection of stories and other texts by well-known authors including Eduardo Galeano, Mario Benedetti, José Saramago, Jorge Luis Borges and others. The texts all involve blind persons as characters or deal with blindness in some way. They are accompanied by brief commentaries on the different stereotypes that exist about blind persons. The book offers an opportunity to disseminate, communicate, and reflect on the issue of blindness. Its audience includes the general public, users of Tiflobros library, and institutions working with the blind.

### **B.3 Work team and financial information**

#### **Work team**

Tiflonexos currently employs seven part-time employees and one full-time employee at its main office in the city of Buenos Aires. It also has a group of more



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than 150 volunteers who work from their personal computers correcting scanned books and transcribing new publications for the Tiflolibros library. The great work of these volunteers helps to keep the fixed costs required to run Tiflonexos down to a minimum.

Last year (2007), the organization's financial resources came mainly from self-financing activities (70%). Its operating budget for 2007 was Ar\$ 541,400 (US\$ 176,000), 35% of which was from fees for services, and 20% from product sales. Membership dues represented 15% of the total budget. A total of 6% came from international/foreign sources, 8% from public/government sources, 8% from individual donors within Argentina, 8% from Argentine foundations, 3% from in-kind donations, and 5% from special fundraising events and campaigns.

The distribution of funding sources has remained relatively constant in recent years, with self-financing continuing to be the main source of income. In 2006, 20% of the organization's income came from fundraising events, but product sales that year only accounted for 5%. In 2007 the situation was reversed, with 5% of income coming from fundraising events and 20% from product sales. Revenue percentages for 2008 are projected to remain basically the same; 70% will come from self-financing and 30% from local and international donations.

In terms of expenses, Tiflonexos spends 70% of its income on programs and activities, 20% on fundraising expenses and 10% on administrative and office costs. Spending percentages are expected to remain constant. The organization is currently economically stable, enabling it to maintain its basic structure and focus on providing more efficient services. However, it continues to work towards expanding its funding base, maintaining and improving the quality of its technology and organizational structure and enhancing its programs and services with new technologies, which offer a myriad of possibilities for visually impaired persons.

## Section C: Self-financing activities

### C.1 Self-financing history

Since its creation, Tiflonexos has focused on implementing activities and projects that could generate their own revenues as a way of sustaining the organization. The idea was to maximize the organization's potential, in terms of human resources, knowledge and training, and thereby achieve its social goals with its own resources and not be exclusively dependent on donors or specific projects. The organization's intention was to generate its own revenues to recover program costs, cover administrative and office expenses, cover the cost of other projects and activities, generate surpluses to further its mission, and become a more sustainable organization.



An underlying goal of its self-financing has also been to maintain a stable team and to improve its overall structure and management.

The first source of financing was the voluntary membership fee paid by those who used the Tiflolibros library. While only a small group paid this fee, it still provided the organization with its first self-generated income.

Over the years, other sources of self-financing have grown in importance, such as the technical support service, the gradual incorporation of Braille printing on demand, and the distribution and sale of materials for blind persons, including walking sticks, Braille boards and canes. Since 2005, the organization has imported and sold Braille printers manufactured by the Swedish company Index Braille, and has also sold MP3 audio books.

In addition to self-financing, Tiflonexos works with an external fundraising events coordinator, who has organized benefit fashion shows for Tiflonexos, creating a new source of funding which has helped the organization to diversify its sources of income.

Tiflonexos recently signed an agreement with the Spanish firm Moviquity to conduct a study on the electronic reading habits of blind persons in Europe, and another with BookShare, a US-based virtual bookstore for the blind. The latter offers a service similar to that of Tiflolibros, but in a social, economic, and administrative context quite different from that in Latin America. The organizations have collaborated to create a section of Spanish language publications. In both cases, Tiflonexos offers consulting services based on the experience and knowledge gained through Tiflolibros.



The forms of self-financing employed by Tiflonexos arose naturally from its own operations, in response to the constant requests from its members and the unmet needs of blind and visually impaired persons. In the beginning, activities were implemented with little planning or goals, as a simple response to demands and opportunities. However, as the organization further professionalized its services, annual cost levels and funding goals were established for each activity to ensure the basic operating budget remained covered.

## **C.2 Self-financing startup and evolution**

Tiflonexos employs a variety of self-financing mechanisms.

Following is a description of the startup and development of Tiflonexos' many self-financing activities. In all cases, these had the complete support and commitment of its founders as they responded to the needs of the organization's beneficiaries.

In the beginning, the group's activities were hindered by a lack of economic resources due to the high costs of purchasing the needed technology and

*In the past few years, the importance of self-financing sources has grown with the implementation of new services.*



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equipment and the limited budget for hiring qualified staff to carry out the tasks required. Jobs were done by whoever was available at the time. Along the way, several team members left to join other companies. Tiflonexos was unable to compete with the salaries offered elsewhere.

In all activities, the target market is blind and visually impaired persons. These can be reached directly or through referrals from educational institutions and public and private libraries, as well as civil society organizations working to improve the quality of life of blind and visually impaired persons.

**Membership donation drives.** This was the first source of funding for the Tiflolibros library and was used even before the group formed its own legal entity. The project began with a group of individuals working out of their homes using their own materials and resources. When the economic crisis began in December 2001, the organization realized that more funding was needed to maintain a suitable structure for the project. At that time the library was growing exponentially and the groundwork had been laid for forming the organization. The organization proposed the need to assess and implement different forms of funding. The strategy to charge users of the library a membership due was adopted. These contributions were made in the first half of 2002, with members from Spain making a special contribution through a designated bank account opened by a Tiflolibros collaborator and user. Factors that fostered this kind of support included the special relationship between Spain and Argentina, the political and economic situation at that time, and the strong stake that many Tiflolibros users had in this service which had spread beyond Argentina and now had international recognition and support. The first campaign captured around € 600 (US\$ 900).

In June and December each year, the association launches a fundraising drive that encourages users of the Tiflolibros library to make a voluntary contribution to the organization. Regardless of the amount of the donation, all users receive the same treatment and services, although the suggested donation is an amount equal to the price of two books in the user's country of origin. In these campaigns, members are also encouraged to set up recurring donations charged to their credit cards in whatever amount they wish to contribute.

Most of the contributions received from these campaigns come from users in Argentina and Spain. Today, the campaigns generate around Ar\$ 30,000 (US\$ 9,700) per year.

**Technical support services.** This service began in 1999 based on the team's pre-existing capacities and potential. The use of IT tools and the need to resolve problems that arose from these tools led the team to gain technical support skills.

The team noted that for new users to take full advantage of the technology, they needed technical support and assistance; many people had turned to Tiflonexos to request information, technical assistance, program installation and configuration,



and equipment repairs. When users turned to traditional computer technicians to resolve their problems with this special software, these traditional technicians were unfamiliar with the screen readers and therefore did not know how to fix them.

The high demand for –and lack of– specialized technical services led to the idea of supplying a service that would provide information, technical support, and maintenance of this special equipment. This service developed due to a request from Fundación Once para América Latina (FOAL), who in 1998 had made donations to 25 public libraries in Argentina (one in each province), which included a computer adapted with software, screen reader, a Braille printer, a Galileo scanner, and magnifying equipment. By 2003, when FOAL contacted Tiflonexos, the equipment was not being used in most of these libraries, was in varying degrees of disrepair, or had badly configured software, or was simply not used because blind persons in the region did not frequent the local libraries. FOAL gave Tiflonexos funding to provide support and maintenance service to these 25 libraries, thus enabling it to reach out to other potential clients.

When Tiflonexos secured FOAL as its first client in September 2003, it was also able to leverage additional financial and technical support and hire temporary staff for the start-up of this self-financing activity through the job placement program, Población Ciega, implemented in Argentina and also financed by FOAL, as well as the Inter-American Development Bank (IDB).

This service continues until today, now offering phone and online technical support. It also offers onsite visits for equipment repair and setup, tailored training sessions, and repairs of special equipment for the blind, such as Braille printers, audio note taking devices, and standard computers adapted for blind persons. The service is offered both to individuals and to institutions that provide support services to blind persons and use this technology. While most clients who use this service are in Argentina, repair service and training has also been provided to institutions and individuals abroad. Last year, Tiflonexos began selling computers along with customizations, training, and technical support.

In 2007, the IT support service witnessed a significant growth as a result of subsidies provided to special schools in Buenos Aires province for the purchase of technology. The organization was accepted as a participant in the Soft Project of the Unión Latinoamericana de Ciegos.

Training services to other institutions and support and installation visits generated Ar\$ 5,000 (US\$ 1600) in 2007. The main activities have included a two-week training session at the Centro de Producción de Materiales Educativos de Lectura para Ciegos (Center for Producing Educational Reading Materials for Blind Persons) established by the Ministry of Education of Paraguay, and financed by Fundación Once para América Latina; training in Braille production and digital audio delivered to the Unión Nacional de Ciegos (National Union of Blind



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Persons) in Uruguay for three institutions in Montevideo and the repair of three Braille Impact printers and training in their use given to the Biblioteca Central para Ciegos (Central Library for Blind Persons) in Chile. Training has also been provided and equipment installed in institutions in the provinces of Buenos Aires, Córdoba, San Juan and Santa Fe.

In 2007, the organization earned Ar\$ 16,800 (US\$ 5,400) from IT support services. These revenues were generated from support services for private users and some institutions, such as De La Plata special school 515 and Vicente López school 503. IT support costs range from Ar\$ 25 (US\$ 8) to Ar\$ 60 (US\$ 20) monthly, including different services such as phone and online support, remote computer management for installation and setup, and regular technical visits. Income from services includes the *Ágora* program to facilitate workplace insertion for blind persons, funded by Fundación Once para América Latina in different countries of the region. This program has retained the services of Tiflonexos in Argentina to undertake the technical adaptation of work stations and follow-up with individuals who work at those stations and use technological tools; to test potential work stations to assess their adaptability; and to provide technical support to staff in companies where visually impaired persons will be employed. This service costs Ar\$ 500 (US\$ 163) a month.

The sale of equipment repair services earned Tiflonexos Ar\$ 11,280 (US\$ 3,600) in 2007, or Ar\$ 5,000 (US\$ 1,600) in untied revenues after deducting the cost of materials. This item includes mainly the repair of Braille printers, note takers and computers.

Equipment repair, configuration and maintenance visits reported earnings of Ar\$ 4,700 (US\$ 1,360), representing a profit of approximately Ar\$ 2,000 (US\$ 650).

**Sale of products.** The sale of products emerged to meet the needs of users. In Buenos Aires, institutions that sold Braille paper, boards, walking sticks, and other materials were often out of stock, or offered little variety because of their limited cash flow. Tiflonexos began purchasing some products from an organization in Rosario and gradually began manufacturing and selling some simple items to assist blind persons in daily life as well as adapter cards for companies. They have also found suppliers for products that require more sophisticated manufacturing processes. The sale of products has been offered since 2004, at which time the organization already had a strong customer base and was in the financial position to maintain a small stock of materials. This did not require a significant initial investment, as it only kept small quantities in stock that were purchased and re-stocked with its own self-generated revenues.



*Tiflonexos has received requests from organizations such as Fundación Once to provide support services and maintenance of libraries for the blind.*



Today, the organization sells to individuals and institutions, most of them in Buenos Aires, although it also makes some sales to outlying areas of the country and in neighboring countries.

Approximately Ar\$ 1,800 (US\$ 590) was generated from the sale of Tiflológicos products such as walking sticks, boards and paper in 2007, and this area is expanding, as more items are added and potential clients become familiar with this new source of materials. This year it added the sale of speaking calculators and watches, and it is currently working with a Mexican entity, Amadivi, to distribute these products from Mexico in Argentina.

***Sale of specific equipment.*** The organization began to sell equipment for the visually impaired when it realized that its users had little or no access to the technology available in Argentina. There was a monopoly in the sale of IT equipment for blind persons; those who sold the machines were focused on making the sale and not on finding the product most suited to their client. For example, there were very few models of Braille printers on the market and these often had technical problems and were sold at higher prices than on the international market. Tiflonexos began selling printers after one of its technicians attended a Braille printer repair course in 2004 offered by a Swedish company that manufactured some of the best models of printers used worldwide today. While attending the course, the technician came into contact with the company which at the time had one distributor for the Americas, located in the United States. As a result, the organization became a distributor of this company's products throughout the Americas and was able to break the monopoly by importing better quality equipment at more competitive prices and by accompanying the sale of its printers with technical support and training, both of which are essential if users want to take full advantage of the equipment.

In 2007, Tiflonexos also began to distribute Braille printers manufactured in Spain and that year signed a contract to distribute Perkins Brailers (writing machines) at a price 50% lower than the former distributor's price. The current price of these machines, at approximately Ar\$ 3,000 (US\$ 980), makes them more accessible to clients and has increased sales to date.

This activity was easy to promote since it did not require a large initial investment. The machines are imported to order, with a 50% down payment from the client.

Tiflonexos purchases a large volume of machines per year –last year this amounted to Ar\$ 50,000 (US\$ 16,000)– and is able to offer these machines at a lower price to users in Argentina. Though most sales have been to local institutions, the organization has also sold equipment in other countries.

In 2007, Tiflonexos also began to sell computers for the visually impaired. Given the trust that many of its users had in the organization and the lack of information available to them, clients wanted Tiflonexos to handle the entire purchase and installation process of their computers. When government subsidies became available to schools in the Buenos Aires province for purchasing these computers,



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many schools turned to Tiflonexos for their experience, requesting that as well as purchasing the computers, the organization also installed the software and provide training in its use. This service earned more than Ar\$ 95,000 (US\$ 30,000), and generated a profit of Ar\$ 20,000 (US\$ 6,500). Its main clients included: Escuela 515 de la Plata: 6 computers; Escuela 503 de Vicente López: 6 computers and multifunctional equipment and Escuela 506 de Lanús: 5 computers. Equipment was also sold to the following schools: Pilar, Merlo, Ahedo, José C. Paz, Quilmes, San Martín and Necochea.

The sale of Braille printers increased in 2007 with total sales at Ar\$ 246,000 (US\$ 80,200), including a profit of Ar\$ 44,000 (US\$ 14,300). The area earned an income of more than Ar\$ 246,000 (US\$ 80,200), including a profit of Ar\$ 44,000 (US\$ 14,300). The prices of the printers varied by model, ranging from Ar\$ 10,000 (US\$ 3,300) for the PortaThiel printer to Ar\$ 18,000 (US\$ 6,000) for the Everest and Ar\$ 24,500 (US\$ 8,000) for the 4X4. The sale includes installation and training. Most sales are made within Argentina, but recently the organization has begun to sell to clients in other South American countries, including one in Colatina, Brazil, in the cities of Quillota and Valdivia in Chile, and an upcoming sale to a university in Caracas, Venezuela.

**Braille printing service.** When Tiflonexos began distributing Braille printers, the company Index Braille decided to send them a machine free of charge to use and to display at different promotional activities. The printer made it possible for Tiflonexos to offer Braille printing services to companies and institutions. This service has been offered since 2004.

Today, Tiflonexos prints a variety of materials for companies, institutions, and individuals. It currently produces Braille invoices for the company Edenor and for the Taxation Office of Buenos Aires Province. It also prints restaurant menus, informative materials, pamphlets, and other materials. The main client base consists of companies that promote integration of blind persons by offering information and services to them in Braille. As a result of this service, Tiflonexos has also been contracted to offer consulting services to assist companies develop signage in Braille as well as to adapt their physical spaces.

In 2007, these Braille printing services reported earnings of Ar\$ 3,900 (US\$ 1,300). The principal clients are the Asociación Sentidos de Tucumán, who has placed orders for six printed issues (150 copies each) of a magazine, and Edenor, who orders approximately 200 invoices monthly. Last year, these had a cost of Ar\$ 0.70 (US\$ 0.200) per invoice, while this year the price stands at Ar\$ 1 (US\$ 0.300). Regular and special menus are also printed in Braille for restaurants. Major clients in this area include the Havana Cafe chain, for whom they printed 60 menus, and Café Martínez, with 20 menus. Tiflonexos has also printed materials for the company Edesur, Las Lilas cabins, restaurants in the cities of Rosario and Buenos Aires, and occasionally fulfills low volume orders for individual clients.

**Audio books in MP3 format.** In 2005, the organization identified a need for *audio books* for individuals without specially adapted computers or who lack training on the use



of computers and the Internet. Thanks to Tiflonexos' technological knowledge, the staff used computer programs to begin taping books in MP3 format on CDs, geared towards senior citizens who have lost their sight in their later years.

Today, books from the Tiflolibros library are offered in MP3 CD format, making them accessible to anyone. There are about 300 users of this service, most of them in Argentina. Each book costs Ar\$ 3 (US\$ 1), which is mailed free of charge under a special legal provision for blind persons in Argentina. The CDs are donated by the company IPC (manufacturer of recordable CDs). Users can charge the service to their credit card or pay by *servicio dinero mail*, a system that sends a bar code via email that the user can print out and pay at different payment centers (such as *Pago Fácil*). This payment system was adopted by Tiflonexos to give clients different remote payment options. It is too soon to tell the impact that it has had on sales.

### C.3 Performance of self-financing activities

Tiflonexos' self-financing activities are an integral part of the organization as they generate resources and further the institutional mission. They are also a very effective marketing tool, as clients themselves are impressed with the services offered and compare these favorably to those offered by private companies. For those who retain its services, the fact that Tiflonexos has a social mission and uses its earnings to finance work that is beneficial to the community provides an additional

motivation for purchase. But despite knowing its market, Tiflonexos has no established marketing strategy. Though it organizes different promotional activities among its users and potential clients, outreach and marketing is the organization's weakest area.

There are currently few competitors and none that offer the variety of complementary products and services that Tiflonexos offers. There is one company that distributes Braille printers. However, Tiflonexos currently has a competitive advantage over this competitor. As an organization dedicated to assisting blind persons in various areas, it is aware of their needs and can offer better prices and more varied services.

Other institutions and one company also offer Braille printing services. Tiflonexos' advantage is that it offers more than just printing; it also does its own maintenance on its equipment, which reduces the amount of time and money spent on repairs. Furthermore, it is known for its training courses and Braille design, and offers high-quality products on an ongoing basis.

An important element in its market position is its reputation, which provides a solid foundation for self-financing activities. Through its library and other technology-related activities, Tiflonexos has positioned itself as an expert in the



*The sale of Braille printers generated significant income in 2007.*



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area. In addition, library members have a strong sense of belonging and have a vested personal interest in its sustainability; therefore they are happy to buy products and services from Tiflonexos. However, its positioning and reputation have not been used to their full advantage in designing a marketing strategy.

Tiflonexos has not conducted any market research to date. The closest it has come was a study conducted in late 2004 on the reading habits of blind persons in Spain, based on client interviews. This study was designed to acquire information for the design of a reading library for the blind and was financed by a Spanish company in conjunction with the European Union. The study was targeted to Spanish clients, surveying users in all countries in order to provide the company with information on the use of the Tiflonexos library.

Today, the organization acknowledges the pending need to formalize a business plan in order to guide the development of its business activities. This plan should establish fixed and variable costs for each activity and identify break-even points for each, in order to establish sales prices based on these costs and on the market itself.

Given the lack of an itemized cost structure per activity, the exact amount of contributions and profits obtained for each is unknown. The organization can only show the overall income that it has earned from its self-financing activities, which amounts to Ar\$ 380,000 (US\$ 124,000), accounting for 70% of its annual budget.

#### **C.4 Management and administration of self-financing activities**

Tiflonexos manages its self-financing activities within its existing organizational structure and with its existing staff. The only activity developed with an outside consultant has been benefit events, wherein Tiflonexos staff is only needed for specific support.

The structure of the Braille printing service is currently undergoing some changes, with an independent external group now responsible for the sale and promotion of products as well as follow-up services. Tiflonexos has established a commercial relationship with this group comprised of two public relations students who have the required experience and production capacities.

The organization has adopted a flexible approach to better respond to the changing needs of its market. The staff has no prior business experience and has had to learn by doing. Its major challenge has been to select and analyze self-financing activities based on profitability and mission impact. Tiflonexos also works with external accountants and attorneys, who provide the necessary business and organizational experience for some of its activities.

The revenues Tiflonexos generates through its self-financing activities are used to maintain its physical and technical infrastructure and to pay for part of the costs of its human resources.



9 RG: General Resolution.

Tiflonexos has a strong staff commitment. The team includes technicians specialized in repairing Braille printers, installing computer programs for blind persons, and training people to use the machines. They are also needed for the technical aspects and administration of the Tiflolibros library and for expanding its reach. Volunteers also assist in entering books into the system by making digital copies of them.

Today there are a myriad of technological tools and opportunities for blind persons to enhance their use of new information and communication technologies; however, a full maximization of these opportunities requires the presence of trained and dedicated professionals. Because of this, in recent years, one of Tiflonexos' main lines of action has been to build its team of dedicated professionals. However, the organization has still not generated enough revenues to increase the remuneration of its staff. To reach salary levels in line with the market, the organization would need to double the amount allocated to personnel costs.

### Section D: Legal aspects of self-financing

Tiflonexos is exempt from paying income taxes under the Ley de Impuesto a las Ganancias (National Income Tax Law), Law 20,628, which establishes tax exemptions for nonprofit organizations that meet certain conditions. As a civil association, Tiflonexos meets these conditions and is also exempt from paying the Impuesto a la Ganancia Mínima Presunta (Business Assets Tax) under Law 25,063.

The organization is exempt from paying value added tax (VAT) under Law 23,349, the Ley del Impuesto al Valor Agregado (VAT) because it provides services directly related to its institutional aims. Tiflonexos is taxed at zero-rate on its gross income under article 126, clause 7 of the Consolidated Fiscal Text 2002 (Autonomous City of Buenos Aires).

The above tax exemptions apply to all of its activities, including self-financing, since all associations qualify for the exemptions. Like any for-profit business, current regulations (RG<sup>9</sup> 1815, AFIP) require civil associations, including Tiflonexos, to file income tax returns. The form, information, and requirements are the same for both kinds of entities, with the only difference being that civil associations must declare their exempt status, which makes the tax rate zero.

Other legal obligations include withholding tax (when paying suppliers, employees, etc.). Under current law this applies to fees, leases and other items (RG 830), external beneficiaries, where applicable (RG 739), and salaries (RG 4139). It must also declare information on donations received and given (RG 992), provide a description of the board of directors as of December 31 of each year (RG 4120) and have its account books certified appropriately (RG 992).



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Tiflonexos must also prepare a balance statement and annual financial report to the IGJ, Inspección General de Justicia (regulatory authority), as a legal entity operating in the City of Buenos Aires. These must be declared annually, along with its members' registry. It must also pay the employer's contributions for all employees.

These requirements are reviewed by attorneys and accountants, who must be certified and have their signatures on file with the Consejo Profesional de Ciencias Económicas (Professional Council of Economic Sciences).

### Section E: Challenges to implementing self-financing activities

Tiflonexos' different self-financing activities emerged alongside the organization's development in response to the needs of its users that were not being met by others and to opportunities that allowed the organization to respond to these needs. The activities complemented and strengthened each other and faced many common challenges.

The first major challenge faced by Tiflonexos relates to meeting an ever-growing demand for its products and services. The rapid growth continues until today. As projects advance and their potential is identified, they require greater effort, knowledge, and management capacity to carry them out. Tiflonexos feels that its staff should be expanded to meet the increasing and varying tasks that need to be completed. It is aware of its great potential but is limited by the lack of structure and funds to keep up with the level of growth that is possible.

Another ongoing challenge is to have enough skilled human resources on board and to compensate them adequately for their level of responsibility. To a large extent, the strength of its self-financing activities is based on the potential of its human resources and the knowledge and experience they have accumulated through their work. However, the organization cannot match salaries offered in the regular IT market and because of this, it is constantly at risk of losing staff. In fact, it has already lost one of its blind programmers at enormous cost to the organization as very few individuals have this kind of skill. To address this, Tiflonexos is currently attempting to raise the salaries it pays to make them competitive with those offered on the market.

These issues are important to its self-financing activities and for the organization in general, as losing human resources directly reduces its ability to carry out these activities. It therefore needs to expand its human resources capacity and ability to respond, in order to grow and achieve greater stability and long-term sustainability.

These challenges are related to the organization's ongoing struggle to carry out as best as possible activities that are of interest to its beneficiaries and that advance its mission. Each of its self-financing activities still has much unexplored potential; however, it cannot offer new activities to meet the demand as it does not have enough staff and in many cases cannot incorporate new people because of time



constraints in training them. It currently prioritizes activities already in place and has little capacity to consider growth opportunities.

To overcome this problem, Tiflonexos has turned to different funding sources. This has enabled it to expand its physical space. It now has a new main office that was obtained thanks to the support of Fundación Williams. The organization trusts that the new office will provide more opportunities for new projects and is currently looking into new ideas that could be financed by donors to further strengthen its mission and sustain its team. At the same time, it has begun to explore non-virtual activities such as offering talks on the use of technologies for the blind and offering a reading room and Internet access to Tiflolibros members, taking advantage of its group of volunteers, many of whom have interesting backgrounds and skills and are eager to help with the organization's projects.

Tiflonexos has built different alliances to apply for international funding, including: the municipality of Buenos Aires; schools for the blind operated by the provincial government; other social organizations such as the Primer Centro de Copistas Para Ciegos Santa Rosa de Lima, the US-based BookShare, and the Unión Nacional de Ciegos de Uruguay. It is currently working in conjunction with the Unión Nacional de Ciegos de Uruguay to design projects for collaboration with universities to meet the needs of visually impaired students. These will be implemented at the local level but will be coordinated as alliances in order to leverage materials and resources produced. These two groups have also just presented a joint proposal to the IDB Youth Fund and Microsoft for a project to train users in Tiflotics, (information and communication technologies adapted for visually impaired persons) in order to increase access to education and create a network of visually impaired students.

Another challenge Tiflonexos has faced in implementing its commercial activities is the lack of business culture inside the organization. None of the founders had any experience in structuring or operating a business or in the sale of services they offered, and therefore they conducted little analysis or planning before launching these activities. The issue became more significant when Tiflonexos registered as an association. It has learned that to be successful in its activities and to meet the growing demand for its services, staff must carry out work in an organized fashion by establishing deadlines and job descriptions, prioritizing their activities, and defining their goals and costs. This has been a learning experience for the organization which has had to systemize and define processes that weren't originally anticipated. The balance between business concerns and social concerns was an issue that took some time to achieve. However, the most problematic issue has been the lack of business experience and the need to learn by doing which has often compromised Tiflonexos' efficiency and effectiveness.



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## Section F: The impact of self-financing activities

### F.1 Business impact

Today, Tiflonexos' self-financing activities account for 70% of the association's budget, with the largest income generated by service provision and, in more recent months, the sale of Braille printers and writers. Percentages for 2008 are similar to 2007, and growth is expected to continue over the next three years, especially in the sale of equipment. Projections are calculated at the beginning of each year and used to establish the annual budget and to assess the potential for growth in different areas. This is used to establish the budget and study potential for growth in different areas.

Nevertheless, beyond calculating projections, Tiflonexos wants to increase its professionalism and improve its ability to plan for and assess the risks involved in its self-financing activities including fluctuations in the market, changes in prices and the emergence of new competitors. Its current success is based on recognizing demand and taking advantage of opportunities and technical capacities, rather than on design and planning.

Different self-financing strategies are currently in the works and all have the potential for expansion. Still, given the range of activities and its small size as an organization, it does not dedicate the time needed to formulate adequate plans and thereby to maximize the income generated. At this time, it is looking to optimize the economic contribution of its self-financing activities as more revenue generated from these activities would mean less dependency on donations.

### F.2 Impact on the mission

Since all of these self-financing activities are closely related to the organization's social mission, the income they bring in supports activities that do not generate income such as the Tiflonexos library. Often, people contact Tiflonexos for a specific product or service and then find other services and activities of interest to them; this reinforces the full network of services the organization offers.

For example, in 2007 it sold a number of computers to schools for the blind in Buenos Aires, which received subsidies to purchase technology. Many schools approached Tiflonexos, because they already knew of the organization or had received prior technical support. When Tiflonexos sells equipment, it sets it up and installs the software needed to maximize its potential for educating visually impaired students. The end user is also trained on everything he or she needs to know about its use and about the resources offered by Tiflonexos free of charge, as well as about other online resources, including the books available through the Tiflibros library. This creates an environment where Tiflonexos' different activities are all interrelated and at the same time funds are generated to further its mission.



Self-financing activities have had an impact on the organization's ability to achieve its institutional mission by creating a virtuous circle of empowerment. This occurs as business activities expand, revenue increases, the client base broadens, and the chance to effectively fulfill the mission increases. The impact achieved thus far includes providing services to existing clients while expanding and improving services provided to users by keeping costs low and effectively responding to their needs.

The use of self-financing activities has raised a number of questions on how to balance mission and business priorities, above all in the visually impaired area, where there is a long tradition of social assistance and free services. However, Tiflonexos is gradually learning how to reach this balance, identifying when a clear business approach is required and when it is necessary to maintain a clear social focus. Such is the case with the Perkins Braille writers, which due to their profit margin could be sold at a much higher price in line with that of the current distributor (which sells them for 50% more); but this would make them cost-prohibitive to Tiflonexos' beneficiaries. By emphasizing mission-related self-financing activities, Tiflonexos also ensures that it is fulfilling its mission while leveraging its own internal abilities.

### **F.3 Impact on institutional development and organizational sustainability**

Tiflonexos has seen improvements in its internal management and capacities. Training of the team in different areas has led to increased performance. The current growth of the organization has prompted it to carry out its activities in a more structured way, with better organization and division of labor, with more focus on meeting deadlines and goals, and more professionalism in completing tasks. From an administrative perspective, it has sought professional help in order to organize its work and better manage its resources. Its goal is to optimize and manage its activities in a professional and efficient manner.

The development and success of self-financing activities has made it possible to pay some volunteers for the work they do, enabling them to dedicate more time to their work and to better meet their deadlines. These new resources have allowed tasks to be divided up and for staff to specialize in certain areas, which has enhanced their relationships with external actors such as donors, support CSOs, and volunteers.

Self-financing comprises 70% of the Tiflonexos' revenues and contributes strongly to the organization's financial sustainability. It has allowed the organization to diversify its funding base, increasing the overall amount of resources available to cover administrative costs as well as existing and new programs. Because these activities provide Tiflonexos with its own flexible funding stream, it is able to implement programs or maintain activities that are more difficult to cover with donations, such as human resource expenses and overhead costs.



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## Section G: Conclusions and Recommendations

Tiflonexos is a young organization that started by offering services to blind persons through new information and communication technologies. It has grown by implementing these activities in a professional manner to meet real demands while furthering its institutional mission.

The organization's different self-financing activities have allowed it to generate its own income while serving its beneficiaries. The staff has improved its capacity for enterprise and innovation, strengthening its financial management skills while learning to manage the risks associated with a commercial activity. Although the association already has a solid reputation, it is aware that the services it delivers must be of high quality in order to meet the expectations of its members and consumers. The organization is continually working to meet market demands, including those of its members and clients. The competence and vocation of its staff are the foundation of this high quality service, and the strategies it employs, while highly competitive and market savvy, are driven by an altruistic mission.

Unlike other organizations, in Tiflonexos, projects and activities emerged first and the organization began coalescing around these. Indeed, the growth of these projects was what led it to seek out, explore and invent ways to generate revenues. The key has been to implement projects that generate income and at the same time directly further the organization's mission.

Having a clear and solid mission is another great advantage that Tiflonexos possesses. This allowed it to survive the most difficult periods in recent years in Argentina, years of economic crisis in 2001, 2002, and 2003, and to successfully adapt to challenges. The organization believes that the sale of its services furthers its mission as it allows it to remain attentive to the needs of its beneficiaries while also serving paying clients.

One major challenge Tiflonexos faces is to redefine its management model, in order to improve its self-financing strategies and develop programs to capture funds from international cooperation agencies, government funding, and local donors. While Tiflonexos is convinced that its self-financing activities can help sustain its work, it also recognizes the need to capture external funds that will effectively underwrite its organizational development, which will enable it to become more efficient and professional in its different programs.

Its objective is to expand the funding base, working along two complementary lines of action:



*Self-financing activities represent 70% of the association's budget.*



- Externally, by coordinating its different programs and services. The aim is for the benefits of new technologies to reach more and more people, both in regard to accessing information and reading, as well as through comprehensive capacity building. Tiflonexos also aims to assist more marginalized regions such as cities and provinces in the interior of Argentina and other Latin American countries. It networks with different organizations around a common theme, providing access to technology to those who cannot afford it, offering IT support and training to maximize resources, providing access to Tiflolibros, and encouraging communication and exchange of ideas among the group. These alliances can also be useful for future combined fundraising efforts.
- Internally, by expanding and improving its processes and strengthening its team, in order to boost its self-financing activities. It seeks more focused opportunities and is constantly seeking out new projects.

The challenge is great, but the organization has the ability to learn and invent new ways of sustaining itself and reach more and more people with more and better services. This is why it is even more important to expand the network of contacts, exchanges and knowledge that Tiflonexos generates and to take advantage of the enormous opportunities offered by technology which enables the organization to have continuous contact with individuals and institutions in other countries and regions.

Self-financing has slowly strengthened Tiflonexos' long-term sustainability and prospects for further growth. This has not only happened directly through increased income, but the lessons learned from each self-financing experience have contributed to the organization's development and allowed it to fulfill its social mission in the best way possible.