A Nonprofit's Guide to Purchasing Fundraising Software

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Introduction

Development directors of growing nonprofit organizations are often so busy advancing their mission that they feel they don’t have time to explore fundraising software. Sometimes they don’t understand exactly how spending money on software can help raise more funds. Yet no one in their organization is likely as acutely aware of the fact that you often must spend money to bring more in. Economic pressures and resource constraints increasingly make fundraising software a necessity rather than merely a helpful “extra.” Fundraising products vary from simple online freeware to a wide range of solutions with varied features, price levels, support and training packages. Such a bevy of choices can leave a development director overwhelmed and unsure of where to begin. This guide can assist organizations of all sizes and types in this task by providing a framework to evaluate and choose a fundraising program that best meets their organization’s specific needs.

Do You Need to Change Your System?

Consider a few questions to determine if fundraising software may be helpful to your team:

- Do you feel like it is a struggle to keep on top of program or donor information?
- Are you wasting postage and effort mailing the same request to your entire list rather then making special requests to targeted segments?
- Is your volunteer management getting unwieldy as programs grow?
- Do you miss opportunities from matching funds, or other relationships because it is difficult to find the right information quickly?
- Are you using more than one database or even spreadsheet to track donations and communications?
- Does it take more than 15 minutes to find and format data into a report for donors or boards?
- Is it difficult to determine how many dollars are generated with each one spent?

If you answered “yes” to any of these questions, it’s time to invest a little time and effort into exploring fundraising solutions.

More Than Just Fundraising

Most fundraising software solutions do more than just increase donations — they help the entire development office. Functions offered often help manage donor information, including contribution history, financial records, personal details and contacts. These products usually help generate and track donor communications and fundraising campaigns. Fundraising software ultimately pays off in two simple ways: decreasing program costs and increasing contributions. While there are a variety a products on the market with different features and focus, some of the common ways that a fundraising management system can increase efficiency and reduce costs are:

- Trimming the time previously required to plan and administer programs
- Simplifying administrative tasks such as database management
- Speeding up data entry, report generation, campaign tracking and analysis
- Decreasing the time currently required for donor research
- Targeting communications to eliminate extra postage and reduce duplicates
- Preserving resources by identifying unsuccessful campaigns quickly
- Simplifying management of members, volunteers and special events

Existing information about your constituents and donors can help to generate more successful campaigns and, ultimately, more income. Examples include:

- Tailoring requests, communications and invitations for specific groups or donors
- Finding opportunities for matching corporate gifts
- Automatically tracking grant or proposal timelines
- Tracking and communication for uncollected pledges
- Creating quality reports that help you project your success to future donors

How much will your organization save with fundraising software? It may be useful to chart the time your staff currently spends on fundraising-related tasks. Multiply the number of staff hours by the per-hour cost you currently spend on staffing. Use a conservative estimate: if a fundraising system only reduces a tenth of your administrative and research costs over the next year, without stimulating any new revenue, how soon will it pay for itself?

Of course, the real benefit of a fundraising system is the ability to drive donor opportunities. It can be more difficult to predict how much additional revenue a fundraising system will bring a given organization, but you can assume that each hour gained through increased efficiency can be re-allocated to pursuing additional funds. The result should be a more efficient, better-orchestrated fundraising program with better overall results.

Planning and Self-Assessment

The key to a successful search is a careful analysis of your organizational infrastructure. This should include an assessment of your current development programs, an inventory of your existing technology and your staff's computer skills and an examination of your budget. In each of these areas, consider where you may be three to five years down the road. You need to be sure that the software, licensing, modules or support packages you purchase will meet your expected organizational growth. This analysis will help clarify the most basic features and performance priorities required of your fundraising software.

Development Program Charting

The first step in your organizational evaluation is to take a good look at your development and fundraising programs. What are the fundamentals for individual or institutional giving in your program plan? Are they direct mail, corporate and foundation grants, special events, planned giving, major gift programs or other activities? What programs bring in the most revenue that deserve more support or expansion? How much time is spent administering these programs? What would you like to achieve that you cannot do right now? How many current donor records do you have? Identify and rank your program goals, needs and wants.

Using your ranked inventory, begin to develop a function list to use in your software search. The activities that you engage in hourly or daily, or that you spend too much money or time on currently will dictate which feature areas have higher priority than others. For example, if you rely on corporate gifts more than charity events for a large percent of your funds, detailed event management features will fall lower on your features list. It may help to prioritize features in terms of categories such as: "must have," "not critical, but don't want to live without" and "helpful extra, not necessary." If you need a starting point, consider the list of features and functionality, or build one from features suggested by vendor literature or other nonprofit organizations.

Next, spend some time considering the type of information you want to capture as well as the level of detail required. What detail is needed to build and maximize relationships, analyze giving trends and develop effective reports? Consider each entity you report to (e.g., board of directors, grant and funding sources, donors, service recipients, national organization, auditors, etc.) and consider the type of detail they demand. These activities will help you compare costs and benefits of different software packages based on essentials, and quickly factor in additional costs for desired but non-critical features.

Sample Features

What is currently eating up your staff's time? What would help make your program more manageable? Here is a sample of the types of features that are commonly found in fundraising software. Use this basic list as a guideline to consider and rank features. Use this list to separate your genuine needs from helpful extras and to clarify your organization's top priorities.

Contact management

· Donor tracking features
· Volunteer recruitment and management
· Member level tracking
· Corporate and foundation prospect tracking
· Relationship tracking

Gift tracking features

· Data entry shortcuts and defaults
· Pledge scheduling and tracking
· Gift match potential tracking
· Automated or flexible payment schedules
· Pledge reminders
· Customizable tracking over multiple years
· Receipt generation

Communication features

· Selective targeting of constituents
· Personalized communications
· Label and envelope creation
· Direct from system emails
· Direct from system reporting
· Targeted letter generation
· Automatic communication tracking
· Solicitation method tracking

Event management feature examples

· Single or multi-activity event tracking
· Event-specific expense tracking
· Invitation processing, tracking
· Non-constituent tagging of guest lists
· Registration management
· Name tag production

Reporting features

· Includes relevant templates
· Multiple-screen reports
· Advanced data analysis
· Solicitation and appeal reports
· Detailed queries
· Output customization
· Volunteer value calculation tools
· Year-end statements

General features

· Proposal and grant tracking
· Campaign analysis
· Track alternative names and contact information
· Tickler/reminders for important dates
· Multiple user-defined fields
· Automatic calculation features
· Automated data entry tools
· Hyperlinking or drag-and-drop features

Technology Inventory

You are beginning to understand your organizational needs. Now you need to find out what tools you already have. Understanding your existing technology assets helps you determine if you can run a new fundraising package on the system you already have, or whether other hardware or peripherals are required to support it. A comprehensive list of hardware, operating systems, networking information and other critical software can help you to determine technical compatibility when speaking to a software vendor. Be sure to review your technology assets on several different levels:

- **Network**. Understand your computing environment so you can communicate it to vendors—is it made up of stand-alone workstations, or a network? A network is necessary if more than one person will need to access the same data at the same time. Networks vary considerably in complexity, type and capacity.
- **Hardware**. Know your desktops' capacity for adding software—list their RAM, CPU speed and storage capacity. Are they Macs or PCs? If your desktops are older, they may require an upgrade to accommodate even the most basic fundraising solution. (Most current programs require a 1 MHz processor, no less than 12 MGs of RAM, and 20 GBs of disk space.) Find out the type of servers your organization uses and their capacity level.
- **Software**. Review the software that you use every day. Consider your standard word processing software, accounting software, etc. What will need to work directly with your fundraising solution? While there are exceptions, most fundraising software currently on the market runs on a PC with Microsoft Windows. Be sure to know your version of Windows or other operating system.

Budgeting for a Fundraising Solution

There is a wide variety of purchase prices for different levels of fundraising software. However, it's important to remember that the purchase price is not always the complete cost of the solution. Organizational software can have additional costs in the form of additional user licenses, data conversion, additional staff training and annual technical support, or even additional hardware to support the solution. It's important to understand all the associated expenses beyond the software price tag to know your true costs.

$1,500 and under

The products at this level are usually very simple programs designed for organizations running modest development programs with limited budgets. In most cases they have very limited constituent management capabilities (tagging, indexing, sorting, etc.) and come with a few set reports. These products are usually designed to export data to a word processing program (for mailings) or spreadsheet (for reports).

This group includes Application Service Providers (ASPs) hosting online fundraising services. ASPs store and support your fundraising database outside of your organization without the hardware or network costs of hosting it yourself, usually for a monthly subscription fee. Your staff accesses it via the Web. These solutions can help very small organizations with very limited budgets. Ask about the total costs of a subscription per year for three years, and be sure to compare them to purchase prices to ensure that subscription services will remain a bargain over time.

$1,500 to $7,500

These programs are a major step up from the previous category. In general they are fully networkable, and have all the features required for most development operations, including extensive constituent tagging and coding, activity tracking and reporting capabilities. They include a broad array of pre-designed reports as well as report-generating capabilities, which reduces the need to export your data to a word processing or spreadsheet program. They tend to have some additional features to facilitate donor communication, either via email or mail. They vary in ease of use, flexibility, required training and setup costs.

$7,500 to $15,000

The programs at this level have all the elements previously mentioned but they tend to include a broader array of information capture and data management capabilities, as well as more comprehensive tracking and analysis for specialized development operations. Most of the programs in this range offer an assortment of equally comprehensive add-on modules (generally for an additional cost) to address specialized needs like membership or volunteer management, special event management or online features.

$15,000 and up

At this price range you will find customized, proprietary systems for large institutions or organizations. These systems are designed to work with large networks, often in multiple geographic sites, that can manage massive amounts of data. These solutions often have very advanced functionality in specialty areas for their specific needs, such as alumni management for universities. These systems tend to integrate directly with other specialized systems used at the organization or institution and often require a consultant to install.

Buy A Solution, Not Just Software

Nobody wants merely to acquire the code that goes into a software program—you ultimately need a complete solution to address your organizational needs. A real solution includes considerations beyond just the computer program you purchase: your staff must be able to use the program effectively and your organization should be supported technically if your network changes or programs are added, or if you have questions or issues. Consider your wider organization to determine what additional services may be required so that you have a real solution.

Customer Services

The longevity of the software vendor and the quality of services they provide are critical considerations in your purchasing decision. Virtually all software users require some support services. Consider your staff and organizational needs to determine the level of service your organization may need. Most organizations need some level of the following services:

Technical Support

Who will you contact if you have questions or problems with your software? Technical support provides answers and support to users via the telephone, email or Web. Consider how comfortable your staff is with troubleshooting software issues and how responsive your IT or MIS department is. Vendor technical support is generally worth the cost, since even a sophisticated employee generally needs help with a new system. And, if fundraising is your organizational lifeblood, you will want a safety net to ensure it will be there when you need it.

Maintenance

Software maintenance services keep your software up to date and working well on your system. Maintenance usually consists of software upgrades and enhancements, and helps extend the life of your software solution, maintaining compatibility after network and operating system upgrades.

Training

To get value out of your new software, your staff must be adequately trained to use it. Training may be provided by different means, at various levels of proficiency, and may be either included in the cost of the software or offered separately. The more sophisticated the fundraising solutions, the more training may be required for staff to become comfortable and proficient. You may want to pay for intensive staff training to ensure you will get maximum value from your new software investment.

Find out how training is administered: will your staff have to travel to training, or can they attend classes in their own area? How often is training offered? Is online training available? Make sure that the training options and costs fit with your staff's needs and budget.

Consulting

Consultants provide services before, during and after you purchase software. The range of services provided can vary. Consultants may only demonstrate and recommend software, or may assist you with evaluation, implementation and training, and provide additional services like customizing or optimizing the system for your organization's specific needs. Consultants with previous experience with the chosen fundraising software can accelerate a complex implementation considerably.

Do you require a consultant's services? Consider the following:

- Can your organization's IT staff handle the evaluation, selection and installation of hardware and software and product integration, as well as training and support after the purchase?
- Do you have a budget to hire a consultant?
- Do you want a local contact if you need help with some aspect of the system, or is vendor phone support enough?

If you think you need a consultant, make sure that he or she has experience with nonprofits. A consultant that is already familiar with your organization's operations can also smooth implementation processes.

A Real Solution Requires a Successful Conversion

Develop a preliminary conversion or "roll-out" plan—a two-to-six month transition time where you run your new system while maintaining access to the previous one. Identifying conversion issues during the evaluation stage may help detect problem areas and determine costs early on. Consider the installation and implementation process as part of the software purchase—again, don't be tempted to only consider software list price. By focusing only on buying the lowest-cost software, you may incur additional costs at roll out (e.g., to work around incomplete functionality, for extra consulting in place of missed training, etc.) to achieve the same benefits as a system with a high list price. Factor in the costs of all the services and components that will actually get you up and running.

In addition, well-planned rollouts can ease staff anxieties during the transition period. By ensuring they can use the software effectively early, they will be more efficient and comfortable when the conversion is complete.

Data Conversion

When an organization purchases new software, the first step in moving toward the upgrade is getting existing records prepared and transferred to the new software program. How will you get your current data in the new system in the proper format? Ask if there are tools available for the prospective software, and evaluate any related integration development needs, turnaround times, formatting, follow-up support costs well before the conversion process has begun so you have an accurate expectation of the scope of the project.

Software vendors may perform this service for a fee. If your vendor does not, the software manufacturer may have partnerships with consultants in your area—ask them for more information.

Training Tip

If you only are planning to train one staff member, consider a back-up. Even the most dedicated people may leave an organization or fall sick during a critical campaign. Even if only one staff member is the primary user of the fundraising package, consider training at least one additional person to ensure that you don’t lose the ability to use the system, and that an additional staff member will have basic knowledge of the program.

Initial Setup

All fundraising software with databases needs some degree of configuration to reflect your existing programs and processes. You set up the software to match the way your organization labels, and tracks constituents, records and tags gifts, reports information, determines campaign success, etc. The more detailed and varied your programs are and the more intricate the solution is, the more setup time will be required. The program evaluation process you started at the beginning of your search can be very useful at this stage as well. Think about how you want your new data to be formatted, and what criteria are key to your fundraising success. You should also make sure you capture the right information, at the necessary level of detail, so you can produce the variety of reports you need. Spend some time in advance of installation to consider the detail you require—it’s easier to import it the way you want it the first time rather than change it later.

You may not be converting a fundraising records database, but starting a new one. Consider how you want your records structured, how individuals should be identified and tagged. Keep your classifications as simple as possible. Add other fields to identify different groups or attributes that you will want to search. The smaller the number of main groups, the easier it will be to enter, find, organize, track and report critical information. In addition to giving each record a main audience or constituency code, you will need to assign names or codes for other fields, including title, gift types, solicitations or appeals, special events, unrestricted or restricted funds, and endowment or capital funds.

Evaluating Flexibility

Roll out is the time when flexible functions will be the most important. Make sure pre programmed designations are customizable to your program. For example, most organizations will have volunteers, individual donors, corporate donors, boards of directors and foundations, but if you are a health organization your data groups may include health educators, while a school or university will use alumni and parents. Ensure that you can define the categories in a way your organization is already comfortable with. In addition, make sure the solution gives you the flexibility to change after setup. You may want to group by contribution type or by the messages you want to send. All or some of these designations may overlap, or fall into several categories. Be sure that your chosen solution can accommodate the cross section of supplementary information most valuable to your organization.

Software Evaluation

Once you have decided that your organization could profit from a new fundraising software program, have assessed your organization and are familiar with the roll-out process, it's time to start product evaluation. If your organization is small, has only a few programs and campaigns and a small donor base, you will probably be looking at the low-end market, and can evaluate the available systems and make the choices yourself. Depending on your own experience with software, you may want the help of an experienced consultant to help in the evaluation at the mid-range level. Both low- and mid-range products may come with a limited-time purchase guarantee to reduce the risk associated with purchasing a software package. Be sure to ask about them in the evaluation process.

Software Search Resources

- Nonprofit Support Centers at Local, State and National Levels: These offer literature and sometimes libraries of software that you can use to aid in your evaluation.
- Nonprofit, Fundraising and Computer-Related Magazines: Read multiple reviews covering the same software, so you are not unwittingly absorbing a single reviewer's bias or lack of time to investigate the software in detail.
- Consultants: Since they often provide technology services on a variety of client software packages, consultants frequently have insight into the best products for different organizations.
- Web Sites: Use search engines to look up listings for "fundraising software."
- Tradeshows: Viewing vendor demos at a tradeshow can give you an overview of the software's capabilities.
- User Group Meetings: You can often get referrals, view demos and get answers to detailed questions about how the software will fit your organization's needs.
- Peers in Other Nonprofit Organizations: Consult with other nonprofits that are similar to your own, or contact your organization's national headquarters or main foundation if you have one.
- Board Members, Funding Sources and Regulatory Agencies: These organizations may have experience to relate, especially as they may be on the receiving end of your fundraising reporting.

Due to the greater complexity of the high-end fundraising products, you should definitely consider a consultant if your organization is in this range.

Begin the evaluation with a close look at the company providing the solutions offered in your appropriate range. While new technologies often sound the most cutting edge and exciting, you want to ensure that the company be there for you after the software is installed. Consider the stability of the provider, and its experience in the nonprofit sector. Be sure to find out the following:

- How long have they worked with nonprofits?
- How many organizations have purchased and installed the software?
- Do they offer any service or satisfaction guarantees?
- Do they support customers on prior platforms?

Once you have identified the most reputable software companies, contact them by phone or visit their Web sites for product information.

The information that you have already uncovered will help you to shape the list of questions that will help you evaluate the software. Share your organizational inventory with staff and ask for help in developing questions for the software vendors. As already mentioned, be sure that the features meet your specific program management needs, and have enough flexibility to reflect how your operation operates—you don’t want to change your organization to meet software limitations!

Evaluating Demos

Demonstrations, or demos, will let you see the software in action. There are several different types of demos:

- Self-running demos: Most companies will provide a self-running demo on a CD or Web site. These demos often show basic functions and let you examine the look and feel of the software. They can be useful for a preliminary evaluation, but they generally cannot cover functionality in great depth.
- Live demos: A live vendor demo lets you see more features, and ask questions while you are reviewing the product. Prepare questions in advance that relate to your organization’s needs, such as those on your checklist, or ask for some hands-on time with a fully functioning system.

References: Ask a Neighbor

Once you have narrowed down your selection, and you feel that a product is in the range of your needs, don’t hesitate to ask the sales representative for customer references, especially a local one, if possible. Ask for the names of clients in organizations of similar size that you can contact, or even possibly visit. Even a short conversation can provide some key information. Sample reference questions include:

- How long have they used the program?
- Does it do everything they need it to?
- Did they examine other software choices?
- Did they transfer existing data successfully and easily?
- Was the training adequate?
- How is the technical support?
- Would they buy it again?

Talking to the Sales Reps

Your organizational evaluation should guide you on the types of questions to ask, and areas to focus on. However, here are general sample questions to get you started:

Technical Questions

- How does the product import and export data? What formats can it work with?
- Does the manufacturer help configure or otherwise set up the software to reflect how your program operates? Can you do it alone?
- Do you require other hardware or software to run this product?
- What are the training options?
- Are there guaranteed service levels for technical support and customer service? Is support available online, by email or other means?
- What is total cost to get up and running? Be sure your quote includes software purchase price, plus the costs for all necessary user licenses, data conversion, annual technical support and initial staff training.

Program and Campaign Functions:

- How are pledges, pledge payments, gifts and grants recorded?
- How can you search for and segment a group of prospects for special programs?
- How many options do you have for defining or tagging a donor?
- Are individual program proceeds tracked and reported? How?
- Are solicitations tracked? How are they managed?
- How does the mail merge tool work? How flexible is it?
- How are special events managed and reported?
- Does it track grant proposals? How does it “remind” you?
- How easy is it to generate reports on relevant activities?
- Can you search the database using multiple criteria?

Support and Maintenance Questions

- What are the telephone support hours? Is the number toll-free?
- Is there unlimited access or pay-per-call?
- Are there guaranteed support response times?
- What is the level of experience with nonprofit organizations and solutions in the support team?
- Are there FAQ lists, a knowledge base, or other self-help tools help available?
- Does maintenance include bug fixes only, or upgrades and shipping new versions?

Training

- What kinds of training options are offered? Does the software vendor offer training at a corporate training facility, regional training, onsite training or online training? If they offer more than one option, what are the relative costs?
- Does the training consist of lecture or hands-on exercises?
- What is the experience and expertise of the trainers?
- Are there advanced or special-area training classes?
- Are there any guarantees with the training program?

Building It Yourself

Often development managers have a staffer or volunteer offer to build a proprietary database with off-the-shelf database software to save money. If you think you cannot afford commercial fundraising software, get a realistic idea of what the true costs of building your own proprietary system are before you give the go-ahead. Give your staff a list of functions and request an estimate of time, materials and delivery date. Details should include program analysis, database layout plans, development of required files, field structures, interfaces and reporting templates and data conversion. It should include time to test and debug the software before your important data is entrusted to it. You will need to consider how you will get help and support or deal with new bugs that may crop up in your maiden voyage on this system.

What you are likely to find is that the do-it-yourself price may end up being very close to the cost of commercial software that has already been proven to work in other organizations, has gone through several product versions to clear up issues, and has a reliable support program.

If you are still not convinced, talk to another organization of your size that has built their own system. It may not be a good idea if you don't have a full-time IT department that can deliver timely assistance. Having only one staff member able to address issues, or worse, a volunteer that could have a change in priorities at any time, can actually end up costing you quite a lot. It's bad to end up with a system that doesn't work like you thought it would, but its infinitely worse to be unable to access your promotion, donor and communication data—misdirected campaigns and diminished donor confidence are too heavy a price to pay for most organizations.

Conclusion

The key to a successful fundraising software purchase is to know your organization. A thorough investigation will go a long way to arming you with the right questions and tools to find the best solution. A full understanding of all the costs involved to have a useable solution will help you avoid nasty cost surprises you may get by only reviewing software program list prices. Selecting the best software for your organization takes some time and effort, but the rewards are great. A smoother fundraising program can improve not only an organization's administrative efficiency, but literally increase revenues and improve the public perception of the organization itself. If you treat the purchase of new fundraising software as a long-term investment rather than an expense and follow the process outlined in this booklet, you will select a system that has the capabilities you need and a software company that will be a long-term partner in your success.

About Sage Software (formerly Best Software)

Sage Software offers leading business management software and services that support the needs, challenges and dreams of more than 2.4 million small and mid-sized business customers in North America. Its parent company, The Sage Group plc (London: SGE.L), supports 4.5 million customers worldwide. For more than 25 years, Sage Software has delivered easy-to-use, scalable and customizable software for accounting, customer relationship management, human resources, time tracking and the specialized needs of accounting practices and the construction, distribution, manufacturing, nonprofit and real estate industries. For more information, please visit the Web site at www.sagesoftware.com/moreinfo or call (866) 308-2378.