A Buyer's Guide to Fundraising Software

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Here at Bloomerang, we understand that shopping for a new donor database can be a trying experience. With so many vendors to choose from, it's difficult to know which option is truly best for your organization. Maybe you're struggling with your current system, or maybe you're in the market for your first solution.

Whichever the case, navigating the fundraising technology landscape without a guide or plan can be hazardous to the long-term success of your organization. That's why we've prepared this Buyer's Guide to Fundraising Software to help you cut through the noise.

Technology is nothing. What's important is that you have a faith in people, that they're basically good and smart, and if you give them tools, they'll do wonderful things with them.

—Steve Jobs

Purchasing Your First Solution

Donor databases and CRM (constituent relationship management) software programs are an integral component of a successful development department. The sector has come a long way from manually tracking donor information on index cards in file cabinets. Today, there are many electronic solutions to choose, some online and some offline.

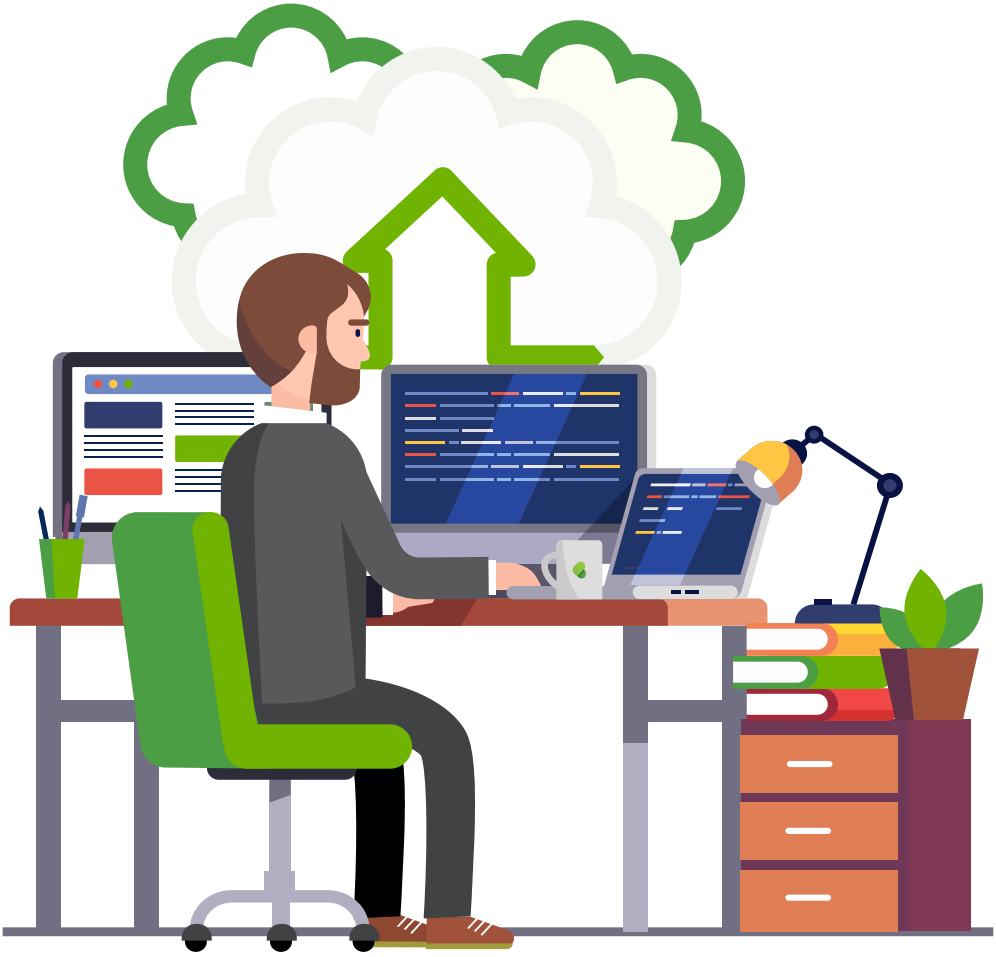
Having an electronic or digital solution that was made for the sole purpose of managing donor information carries with it many benefits over using a program like Excel or Access. While these programs may allow you to simply store data, a dedicated nonprofit CRM will allow you to automate some processes, communicate with donors, take donations and analyze data with the hope of increasing retention. A dedicated nonprofit CRM is also more likely to integrate with other tools that can further empower the user.

While a low or no-cost option may be enticing, a true nonprofit CRM has the highest potential for ROI (return on investment) than any purchase your nonprofit will make. A robust donor database is truly vital to an integrated fundraising strategy.

Cloud-based vs. Installed

Not only are there many vendors available to choose from, they all operate on different platforms. Many legacy system are offered as installations: physical software that needs to be installed on one machine from a disk or downloadable file. Some newer vendors operate on the cloud. Here, there is no need to install any software. The application is simply available through a URL from any device with an Internet connection. Typically, cloud vendors will set you up with a database and a unique set of usernames and passwords. This allows nonprofits with little-to-no technical resources to take advantage of a fully functional donor database.

Understanding the differences between the two can inform your decision. For example, while cloud vendors offer universal accessibility, it's important to understand that your data will be in the hands of a third-party. With installed software, you control your data locally, but it is susceptible to loss from fire, theft or hardware breakdown. It's also important to understand if a cloud solution is truly in the cloud. Some products tout themselves as being cloud-based, but are really just a cloud dashboard that accesses locally-stored data. Be sure to stay curious and dig in when someone tells you their solution is cloud-based.



Making a Switch

Many fundraisers continue to use their current provider because the process of switching is perceived to be too costly or painful, even if their fundraising efforts are currently suffering. At some point, the situation will become untenable.

Here are a few common warning signs:

- Your staff dreads using the software.
- You can't train new staff members.
- Your database is only used by one staff member.
- You can't get the information you need from reports.
- You're unable to identify constituents that need special attention, such as at-risk donors, potential new donors or major gift donors.
- You spend more time in the Help section than in the software itself.
- You're only using a small percentage of the available features, but paying for all of it.
- You are constantly using spreadsheets, text documents and other files to "supplement" your database.
- You are using a separate email program.
- You can't properly segment and analyze data.
- You can't pull accurate lists.
- Your style of use differs between staff members.
- Your monthly or yearly bill exceeds your budget.
- Your software hasn't been updated in years.
- Your vendor is acquired by an outside company and changes are enacted.

If any or all of these resonate with you, it might be time for a change. Sometimes, an organizational or administrative change may solve your software woes. Don't be too hasty with discarding your current software!

Ask yourself: What are three or four of the most important reasons why you are interested in changing to a new donor management system? Are they truly technology problems, or are they strategic problems? The answers will inform your search for a new vendor.

EXPERT TIP:

"Perform an internal audit of "what works" versus "what doesn't" and an itemization prioritization of what software features are needed, along with the overall goals and expectations of a software package. Also, have a full understanding of what metrics your organization wants to measure in its fundraising program so that the proper benchmarks are created when looking at potential software providers."

—Bob Swaney, Robert Swaney Consulting

Know Your Needs

Understanding how you use your current system is critical to choosing a new system. Below are just a few of the questions you should ask yourself when beginning your search for a new vendor:

How much does your current system cost you each year?

How many years have you been using your current software?

How many people in your organization use your donor management software? Do they have levels of access?

How many account records (names) do you have in your current software? Are they active or inactive? Do you even know?

What transaction options do you use? Examples:

- Pledges
- Monthly/Sustaining Donations
- Credit Card Donations
- EFT Donations
- Memorial/Tribute Donations
- Split Donations
- Matching Gifts

Do you use separate software for accounting, email, etc.?

Email:

- How many emails do you send per month?
- How many email addresses do you have on your list?
- How many lists/segments do you have?
- What kinds of emails do you send? (newsletter, gift acknowledgements, appeals, etc.)
- Do you have custom templates?

What kind of reports do you run regularly?

How is your website integrated?

- Sign up for newsletters
- Donate
- Register for events
- Purchase items
- Create personalized pages to raise money (P2P)

It's important to know not only what you use, but how often you use it. It's easy to let one feature be a deal-breaker between vendors. Be sure it's something you will actually use regularly!

EXPERT TIP:

"Nonprofits buy databases that have way more features than most need or will ever use. Most small nonprofits need a very simple database, not one with a lot of extras."

—Betty Johnson, CFRE

Having the answers to these questions will let you vet feature lists and prevent any surprises with your new vendor.

The Demo

Once you have selected a few products that fit your needs, it's time to schedule a demo. Live demos are a great way to see the product in action, and have some of your questions answered directly. To make the most of your experience, follow these tips prior to, during and after the demonstration:

Before a Demo

- Do your homework. What is the history of this company? How long have they been in business? Are they owned by a larger company or outside investor?
- Drive the vendor sales process - don't be afraid to all the shots. Sales people can railroad you easily.
- Have the vendor do an analysis of your needs. Are they a good fit?
- Have the vendor take you through a full proposal review. What will this cost? Is it in the budget? Can we afford everything we want?
- Ask about data conversion and clean-up.
- Verify credit card transaction fees/surcharges.
- Ask for a full proposal. There is no need to spend your valuable time viewing demos for products that far exceed your budget.

During the Demo

- Involve all of the members of your team who will be using the system.
- Ask to see your specific requirements (reports, transactions, etc.).
- Verify website/online donation form integration.

After a Demo

- Ask for access to a sandbox or demo database so you and your team can get your hands on the product.
- Try the support channels (phone, email, chat) from the sandbox.
- Call references with a list of questions prepared. Be sure to call customers that the salesperson didn't refer to you (they will only refer top customers who are happy and may have been coached).
- Call your trusted consultants for their insights on the product.
- Understand how long the conversion process will take.
- Ask about security and data ownership (cloud-based only).
- Do you need another demo? Sometimes it's hard to cram everything into an hour-long session. Someone else on your team who didn't attend the first demo might need to see a demo; perhaps one that focuses on their day-to-day-workflow.

Be Cautious

When shopping for fundraising software, it's important to be aware of the following:

1. Add-ons and modules.

The features you need may not be available in the base packages of the product you purchase. Features that are typically assumed but can be add-ons might include additional emails, additional users, support levels, donation form creation/website integration, etc. Optional add-ons that provide additional value can include prospect research or wealth screening tools. One of the worst things you can do is assume you are getting everything when in fact you aren't. This is one reason why it's good to go through a full proposal sooner rather than later.

EXPERT TIP:

Expert tip: "It is ALWAYS (nearly) more difficult and more expensive to get to where you're going than the upfront costs would appear."

—John Samples, Christian HolyLand Foundation

2. Versioning.

How often is the software updated? This is of particular concern if you're using an installed product. How will your installation be updated? What are the system requirements? How often are new features released? With cloud-based software, updates happen behind-the-scenes, and it can be difficult to know when and if they happen. Here, vendor communication is key. Do they maintain a robust product blog or changelog?

3. Free software.

Free software is free for a reason. Oftentimes, it was not built to be a product used solely by fundraisers. And, typically, it's designed with the goal of getting you entrenched in a free option that requires paid upgrades. Only explore free options as a last resort. A free puppy sounds great, but it needs to be trained and fed.

4. Next steps.

A lot of things happen after a contract is signed: installation, conversion, training and support, just to name a few. If your vendor goes dark after the purchase, you might have a problem. Make sure you understand exactly what will happen and when before you sign on the dotted line.

EXPERT TIP:

"The #1 mistake I see nonprofits make in shopping for donor database software is thinking that the process ends when a choice is made. Choosing a product is just the start. Be sure to budget time and money to have your staff take the time required to transfer your existing data into the new software. And budget the time and money to train your staff on how to use it effectively. Initial training is great but make sure to have check in's each quarter too."

—Marc A. Pitman, The Fundraising Coach

5. Organizational growth.

Hopefully, your nonprofit will grow beyond the size it currently is. Will your software be able to grow with you? How much will you be charged if your constituent list grows? Will the product be able to keep up with emerging technology and giving trends?

Conclusion

Please share this eBook with anyone in your organization who is involved with selecting a new software vendor. The insights found within will be invaluable to your search and vetting process.

RECOMMENDED RESOURCES:

Idealware
NTEN
AFP Consultants and Resource Directory
Software Advice
G2 Crowd

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About the author

Jay B. Love, the CEO and co-founder of **Bloomerang**, has served the nonprofit sector for over 33 years. He also is the current Chairman of the Association for Fundraising Professionals (AFP) Ethics Committee.

Jay was the Founding Chairman of NPower Indiana, Founding Member of TechPoint Foundation and Founding Member of the AFP Business Member Council. He continues to actively serve as a board member of Conner Prairie Interactive History Park, the Butler University Innovation Fund, the United Methodist Foundation of Indiana, TechPoint Foundation for Youth, and the Fundraising Effectiveness Project.

Jay and his wife, Christie, served as co-chairs for the Indianapolis YMCA 2011 Capital Campaign. They are the proud parents and grandparents of three children and five grandchildren.

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