# A User's Guide to Selecting Fundraising Software
## *By Corinne Waldenmayer*

As the number of fundraising software packages grows, the process of choosing among them becomes increasingly complex. Some software packages simply track basic information about donors. Others perform a multiplicity of functions, from elaborate data management to analytic decision-making.

Some rely on the organization's own computers and networks. Others are housed on remote servers, obviating the need for installation or in-house maintenance. To the uninitiated, the choices can seem endlessly confusing. No less confusing are the pricing and fee structures for software and services.

How, then, does a small or medium-size nonprofit—one that can't afford its own IT team or high-priced consultants—decide which package is right? Or how much to pay for it?

## What is Fundraising Software?

In the past, fundraising software was used exclusively for managing information about donors and their gifts. Today the capabilities of fundraising software are much more sophisticated—supporting many more functions involving data management, workflow management, and knowledge management. Let's define what we mean by these terms.

**Data management** is the core of any fundraising software system. It's what allows you to save, retrieve and sort data about your donors. Data management features should allow the development office to track:

• Biographical data about donors and prospects, including information pertaining to family, business, education, and special interests;
• Donation data, including cash, check, credit card donations and pledges, as well as tributes, in-kind donations, and donations of real estate or stocks and bonds;
• Relationship data;
• Involvement data;
• Volunteer data;
• Event data;
• Chapter and committee data.

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Information that has been entered into a data management module is useful only if it can be meaningfully sorted and retrieved in well-formatted reports. Most fundraising software packages include pre-formatted reporting forms, and many of these can be modified or customized by the user.

It is essential for any fundraising software package to have data management functions that meet the current needs of the organization, and also provide for anticipated needs—looking about five years out. An organization that does not now conduct special events may not feel it needs event management capabilities today. But if the organization plans to add special events to its list of fundraising activities within the next five years, then it should select a package that includes event management, either as a component of the core product or as an optional add-on.

The fundraising software package you select should also be capable of handling external interfaces. In other words, it should mesh with other parts of your computerized systems. A small organization may not find it difficult to re-enter donation data into its accounting system now, but that may not be the case in five years. If your organization is growing, look for data management utilities capable of interfacing with external data systems, such as those for accounting, patient tracking, ticketing, endowment, or corporate giving.

**Workflow management** capabilities allow data to flow through an office and may include any of the following:

• Donation acknowledgment capabilities, which automate the process of generating "thank you" letters;
• Communications or contact management capabilities, which generate and track general correspondence, e-mail, and phone contacts; recent enhancements include the distribution of electronic newsletters and the inclusion of e-mail attachments;
• "Moves" management modules that organize, direct and track the systematic cultivation of donors, aimed at "moving" a donor from simple gifts to major gifts and to life gifts or planned giving;
• Grant proposal management capabilities that facilitate the planning, tracking, and follow-up involved in the grants process;
• Campaign management capabilities that help you plan, execute, and report on campaigns—including annual giving campaigns, capital campaigns, and most recently, e-mail marketing campaigns;
• Planned giving management capabilities that identify, calculate and administer donors' planned giving options.

Workflow capabilities may also be enhanced by interfacing with external systems, such as research and prospecting databases, postal information systems, fulfillment house systems, and "national change of address" (NCOA) verification services.

The effectiveness of workflow management functions will depend on how well the software is integrated into your operations. This will entail some evaluation of current office procedures and new training for staff. Suppose, for example, that your development office has been managing contacts, tasks, appointments, and e-mail with one of the leading office software suites, such as Microsoft Office. If you introduce new fundraising software that includes its own contact management capability and "to do list" capability, the staff will either have to abandon the current office suite for the new fundraising software, or pick and choose among the features of the two different software packages in order to manage their contacts, tasks and time. Whatever the scenario, it probably needs to be uniformly adopted if everyone is to be operating in synch and the office is to function efficiently.

**Knowledge management** (or decision support) functions are the latest additions to fundraising software. These are tools that "crunch" through stored data to generate useful statistics. The purpose is to facilitate decision-making by simulating human analysis. Knowledge management capabilities range from assessing your return on investment for special events to analyzing donor potential in order to create special solicitations or cultivation lists. Pre-formatted reports are available for:

• Solicitation analysis
• Donor profile analysis
• LYBUNT/SYBUNT segmentation
• Volunteer utilization analysis
• Comparative income analysis

A key factor in determining the usefulness of knowledge management capabilities is the ease with which they produce models appropriate to your organization. Decision support and knowledge management utilities can save staff a lot of time, but they cannot replace your own good judgment. Understanding the criteria that the software invokes is crucial to evaluating the results of any analysis.

## What About the "Other" Stuff?

In addition to data management, workflow management, and knowledge management capabilities, fundraising software packages have certain components that are common to most business application software. These include the user interface, data conversion/import, online integration, e-mail, help and documentation functions, and training, support, and maintenance.

**The user interface** is that portion of the software that the user encounters—such as the screens that the user sees and the decision points that the user goes through to accomplish a task. The quality of the user interface is critical to software implementation.

Good interfaces are said to be intuitive, which means that what you don't know should be easy to "guess." Another gauge of a good interface is the number of steps required to complete a task: the fewer the steps, the better the interface. Trained staff should be able to get their work done faster with fundraising software than without it. That may sound obvious, but unless an interface has been well designed, you may find yourself spending an inordinate amount of time just trying to master it.

While most data entry screens are easily understood, other parts of the user interface can be difficult to use because they require so many steps, or because the sequence of steps is so complicated. The more complex elements of the user interface in fundraising software packages include queries and reports, mass communications (e.g., mail merge and mass e-mails), and analytical modeling and outputs. In selecting a package, consider the relative ease with which these functions operate. Another word of caution: when an application's interface is not offered out-of-the box (i.e., it will have to be customized for your organization), pay special attention to the process used to define the screens and the mechanisms available to implement and modify them.

The user interface is always an intrinsic part of a software application and it should not be priced separately. If you decide to have the interface customized, however, expect to pay more.

**Data conversion and import capabilities** are important features for any data management system. Data conversion will be relevant to those organizations migrating from an existing donor or fundraising management system to a new application. The data in the old application will need to be converted to a format compatible with the new application. All vendors offer data conversion

support, usually as a custom service.

Data import is useful for almost all organizations at one point or another. Initially, it is used when moving converted data from one application to another. It can also come in handy later on, as the organization collects prospect data from various sources and develops the need for a fast data entry method. Data import capabilities are available through most vendors as an optional add-on.

**Online integration** can be defined as the range of capabilities that allow an organization to communicate and transact business through its Web site. Not all vendors offer online integration capabilities, and even fewer offer seamless integration, meaning integration that is transparent to an organization's Web site visitor. If your organization's strategy leverages or plans to leverage the Web at all, these capabilities, their planned growth, and their cost must be given very serious consideration.

**E-mail** is the cornerstone of business communications. Given that, it is worth noting that while most fundraising software packages have the capability to send e-mail, few but the most expensive packages have the capability to receive it. You will need to understand how that will affect your business processes and you will want to ask the vendors whether or not they are planning to develop e-mail reception capabilities. The answers to those questions may influence your purchasing decision.

**Training** is something that all software vendors offer, though it is delivered in variety of ways. It may be given at the vendor's location; at locations around the country based on the vendor's schedule; on the World Wide Web, under either an "instructor-led" or "learn-at-your-own-pace" model; via CD-ROM; or on-site at your office. In most cases, software and training are priced separately.

**Help and documentation** used to be separate items, but today they are frequently one and the same. Most software comes with a "Help" menu option, which takes the user to installed files or to a section of the vendor's Web site. "Help" files should be complete and topics should be easy to access. They should include a comprehensive index, a search feature, and a "print" option so that you may print out instructions for performing certain tasks.

A "Help" function is invariably included in the software price. Some vendors produce hard-copy documentation for their software, but there is no uniform practice as to whether or not you will be charged separately for it.

**Support**, either by phone or e-mail, is also a standard feature offered by all vendors. It's important to know when during the day support is available, particularly if your staff works late, or if the vendor is on one coast and your organization is on the other. Some vendors offer different levels of support: premium (24/7 with an 800 number); standard (during business hours); bare-bones (e-mail only). Support is usually priced separately from the software and fees are due annually. From time to time, vendors may offer a promotional free support program for the organization's first 90 days of ownership. That can be quite valuable, since it is during these first 90 days that the staff will be learning to use the application.

**Maintenance** entitles you to software updates and upgrades, as they are released. Maintenance fees are paid annually and they are almost invariably priced separately from the software. Purchasing maintenance is not just advisable; it may be imperative. Most vendors will only support the two or three most recent upgrades of their software, which means that an organization without a maintenance contract will quickly find its software obsolete and unsupported. Support and maintenance are frequently packaged together.

### Finding Your Tier

In industry jargon, software packages belong to different "tiers," depending on their complexity, degree of customization, price, and ease/time of implementation.

**First-tier** software packages are complex, expensive systems that can provide all the functionality described above. They require considerable customization, usually undertaken by the vendor under a consulting agreement. Such customization allows the workflow and knowledge management functions to be specifically tailored to support the organization's business processes. Purchasers of first-tier fundraising applications typically have an IT staff. A first-tier fundraising package might start around $25,000 and could cost $100,000 or more.

**Second-tier** packages are computer off-the-shelf (COTS) packages that provide most of the capabilities described above and include some customization capabilities. Most vendors of second-tier fundraising software offer a core package supplemented by a variety of "modules," which can be purchased separately. To take full advantage of second-tier software, the

organization may have to adjust its business processes. Second-tier software packages range roughly between $3,000 and $10,000, depending on the needs of the purchasing organization.

**Third-tier** packages mostly offer data management functions and can be acquired for less than $1,500.

Another important variable is whether the software resides in-house (on the organization's computers) or is "hosted" by an application service provider (ASP).

**In-house software** is delivered to the organization by the vendor, either as a computer off-the-shelf product, in the case of second-tier software, or as a custom product, in the case of first-tier software. For either tier, the application would be burned onto one or more CD-ROMs. It would have to be installed, configured, and maintained on the organization's computers and networks. Regular data backups are essential. Quality technical support might be more difficult to deliver, because users operate on a multitude of platforms and in a variety of environments, as well as with different versions of the software.

**Software hosted by an ASP**, on the other hand, does not reside on an organization's own computers. It is accessed over the Internet, so you don't have to worry about installation, maintenance, and backup. The ASP typically performs those functions. Because the software resides on the vendor's equipment, technical support is simplified. You will need a fast Internet connection, and if the amount of data you store becomes voluminous, you may see some degradation in service. Security may also be a concern, especially if you have sensitive privacy issues having to do with your donor base.

Some software vendors now provide hybrid systems, combining in-house and hosted solutions.

### Making the Final Decision

Your organization's investment in fundraising software isn't limited to the amount of money you pay for the software package and its maintenance. The time that staff must expend to learn the software and successfully integrate it into the organization's operations can also be quite costly. Due diligence is therefore in order. Take a systematic, deliberate approach to choosing the

right software—a process that includes the following steps:

*Phase 1 - Know thyself*

• **Understand the development office's needs.** Itemize all the tasks the development office performs—or should be performing—today; all the things it will do two years from today; and if possible, yet another three years out. You should be able to come up with a concise list of tasks and a brief description of how and by whom these tasks are (or will be) performed.

• **Understand the organization's needs.** While we assume that the development office will be the principal user of the fundraising package, other individuals or departments within the organization may have occasion to use or interface with the system. Identify these "interface needs" by specifying who in the organization might be affected, and why. Pay special attention to decision support functions.

• **Understand the organization's data.** What data is currently being stored? How it is stored? How is it accessed? Who uses it? In what ways? The answers to these questions will be helpful in both the software selection process and the implementation process. Recording your answers in an electronic table, such as an Excel spreadsheet, will be useful when it comes time to "migrate" data from its current location to the new system.

• **Understand the development office's processes.** Draw a workflow chart, using symbols to identify the building blocks of each process the office performs. These should include tasks, decision points, inputs and outputs. They may also define the resources, both human and electronic, involved in the process. (A sample workflow chart for a tribute process is illustrated above.)

• **Understand your human resources.** The best software in the world will not help an organization that does not use it. How technologically savvy is your staff? How adventurous? How much training are they likely to need? Who is going to be your change agent (the leader who thrives on trying new things)? Software implementation can be a major challenge. Make sure you develop a strategy to meet it.

• **Understand your infrastructure.** Take an inventory of the organization's computers, operating systems, relevant software (the software already being used in the development office and any office that will need to interface with the fundraising package), and network capabilities.

• **Understand your purchasing power.** Once you have a sense of whether you will be purchasing first-, second- or third-tier software, develop your budget. Bear in mind that you may be able to spread the investment over time, as the organization's needs increase. Remember that, in most cases, incremental implementations work better than the all-or-nothing approach.

*Phase 2 - Know what's available*

• **Understand functionality.** This article is intended to give you an overview of what's out there, but the information required at this phase of the decision-making process should be more specific. Contact vendors and let them demonstrate what their products can do. Ask them to describe upcoming upgrades, six to 18 months out.

• **Understand the user interface.** The staff who will be using the software should have an opportunity to experience the interface first-hand. Avoid the "canned demo," where a user is taken through a series of screens showing what the software supposedly does. Rather, ask to have a demo installed on your own computers, or access it over the network, and then use it "live" with some test data. Several members of your staff should try all the functions, then write a summary report about their experience, with specific comments for each function tested.

• **Understand what external interfaces are available with each product.** Itemize the interfaces that currently exist and those that the vendor plans to develop.

• **Understand what infrastructure is required.** Know what it will take to actually run the software—from computing power to software platform to networking equipment. Your findings may impact your budget.

• **Understand the training, support, and maintenance available from each vendor.** Make sure that you are selecting the options that best serve your operations, and that meet the needs of your staff.

• **Understand the vendors' pricing and options structure.** Beyond the price of the core software package, you will need to know the price of any optional module; the price of multi-user license software (software that can be used concurrently by two or more individuals); and the price of training, support and maintenance.

## Phase 3 - Find the best fit

Armed with the information acquired in Phase 1 and Phase 2, you should be ready to select a vendor and plan your implementation:

• **Identify vendors capable of providing all the required functions.** Match your organization's requirements to what is available on the market. Ideally, vendors' plans for upgrades can also be taken into consideration at this stage. At the end of this step you will have a final list of vendors.

• **Perform a cost and amortization analysis for the final vendor list.** This is simpler than it sounds, as long as you have the vendors' pricing data. Simply itemize your cost for software, training, and support for each of three years. Add the three years up to find out cost over that period. Then calculate the average annual and monthly cost. This should allow you to determine which vendor will provide you with the best value.

• **Consider the intangibles.** As with any decision, you'll have to exercise your own good judgment at this stage. Think about your interactions to date with each vendor. Were they pleasant? When you called their offices, was it easy to get to a person? The right person? How thorough was the demo? Did you get a chance to test the software for a few days? Is the company big? Small? Are they in the same time zone? How many clients do they have and how many support staff? Some of these are "soft" questions, but answering them may help break a tie.

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