THE ULTIMATE CHECKLIST FOR SELECTING SOFTWARE FOR YOUR NONPROFIT

The steps you need to plan for, find, review, negotiate the contract for, and prepare to migrate to your organization's next software

Cathexis PARTNERS

INTRODUCTION

The software choices you make have a big impact your organization's efficiency and effectiveness. But choosing the right software for your nonprofit isn't always easy.

At Cathexis Partners, we've worked with many nonprofits on their software technology projects. And from customer relationship management (CRM) and donor management software to peer-to-peer fundraising software, we understand what works when it comes to choosing and implementing the right software for their needs and goals.

In this guide, we're sharing a checklist (or, really, multiple checklists) to step you through the process of finding and implementing your organization's software match. Whether you're planning to complete a full request for proposals (RFP) or a less formal selection process, this guide is for you.

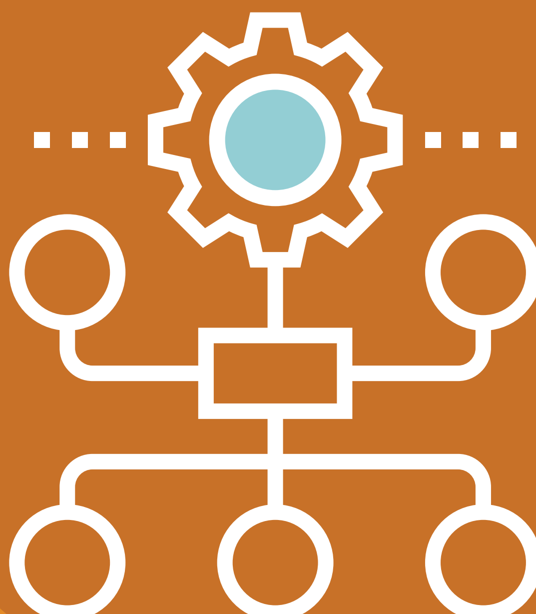
YOU'LL LEARN HOW TO:

- Make strategic software technology decisions.
- Create a short list of possible software products and select the right one.
- Determine the true cost of new software for your organization.
- Negotiate a favorable contract for your new technology.
- Prepare for a smooth transition to new software.

DEVELOP A SOFTWARE TECHNOLOGY PLAN

As exciting as the prospect of adopting new software might sound, getting started is another story. It can seem intimidating and out of reach to make smart technology choices for your nonprofit.

But no matter how large or small your organization might be, having an overall software technology plan in place is critically important. It will help your organization to survive, grow, and thrive for years to come.



TIP

Your nonprofit's software technology plan won't necessarily look like everyone else's. It depends on your organization's goals, overall strategy, and budget. If you need a hand with assessing your nonprofit's current software, finding the right solutions for your needs, and implementing the solutions you choose, it can help to work with a nonprofit technology consulting firm like Cathexis Partners.

THE CHECKLIST

1

Build a team.

Even if your nonprofit is small, you should have a team (maybe it's just you) that creates and regularly reviews your software plan. Your plan should incorporate at least the next one to three years of software technology needs, including anticipated growth plans for your organization.

2

Make a list.

As with most projects, starting with a list can help to organize your thoughts and plans. Write down all of the software your organization uses now, including the software your staff uses for:

- Daily tasks, such as collaboration tools (email, calendar, document sharing) and finance and operations tools (accounting, inventory)
- Support of your overall mission, such as CRM/donor database, email marketing, fundraising, event management, and volunteer software

Next, identify which software is outdated and/or not working for your needs. For example, ask yourself things like:

- Can our CRM system track all of the data and processes we need it to? If not, can I customize it to track everything I need it to?
- Does our fundraising software allow us to gather the information we need in donation forms in addition to processing registrations and donations – all while looking good on public-facing pages?
- Does our fundraising software integrate with our CRM system the way we need it to?

Prioritize this list of needs and gaps in terms of which are most critical to your ability to reach your organization's key goals in areas such as fundraising, marketing, and program delivery.

3

Document your software contracts and update schedules.

For each item on your current technology list, add renewal dates for any contracts. It can also help to add the date the technology was purchased and your anticipated replacement/upgrade date. This documentation provides you with a simple schedule for making planned updates to your existing software. It can also help you to make decisions about timing for adding new software.

4

Align your technology budget.

Make sure your budget includes funds to support your software technology update plan. This should include funds for routine fees and upgrades as well as larger new technology projects. Here are some things to keep in mind:

- Be sure to budget for a website refresh or redesign (depending on your specific needs) on a regular schedule.
- Software vendors often upgrade their products on a regular basis, which might require modifying integrations with other software systems or adjusting any customizations made to the product. Be sure to budget for third-party assistance to make these changes.
- As your organization grows and evolves, your software, such as your CRM/donor database or fundraising systems, might not keep up. Or you might need new software, such as peer-to-peer fundraising software, to support new initiatives. Look ahead and budget for the technology needed to power your organization's plans over the next few years.

5

Get feedback.

As part of your technology planning and review process, talk to your nonprofit's staff members and some constituents (such as donors, volunteers, and board members) to find out what's working and what's not.

- For staff members
  - What software do they use most each day?
  - Do they have any challenges with the software as they do their daily work? If so, what are they?
  - Are there any things they would like to do to take their work to the next level that the current software does not allow them to do?
- For board members
  - Do they have access to the types of reports they need to excel in their work on the board of directors?
  - Do they find it difficult to collaborate and share information?
- For constituents
  - Can they easily find the information they need on your website?
  - How easy/difficult is it to do things like make a donation online, update their donor information, or sign up for an event?
  - What would make interacting with your organization easier for them?

USE A REVIEW PROCESS TO FIND YOUR SOFTWARE MATCH

When you reach the point in your plan that it's time to replace or add software, then it's time to find the *right* software for your nonprofit. One of the best ways to do this is to issue a request for proposals, or RFP. This is especially important when it comes to major software purchases, such as customer relationship management (CRM) or fundraising software.

An RFP is a document that helps you gather proposals and understand how well potential products meet your requirements. It includes details about your project and requests bids from vendors. A well-developed RFP can go a long way toward the success of your software selection.

TIP

If the RFP process seems like overkill for your needs, then at a minimum, work with key stakeholders to compile a list of requirements and "nice-to-haves" before scheduling any vendor product demos. This will help to ensure you see demos that show how well each product meets your needs versus only what features the software vendors want to highlight.

THE CHECKLIST

1

Gather stakeholders.

Your organization's software is used by multiple people. To ensure your new software meets the most needs, pull together a team of stakeholders to create a list of pain points from your current software as well as a list of requirements and nice-to-haves for your new technology. Your team might include:

- Software administrators
- Marketing managers/directors
- Development managers/directors
- Program, campaign, and event managers/directors
- Accounting managers/directors
- An executive sponsor

TIP

The most successful software selection and implementation projects have the strong backing of an executive sponsor. Be sure to secure an executive from your organization as the person who will help to get (and keep) your entire organization on board with and excited about the project.

2

Create an RFP/requirements document.

Some things that your RFP document should include:

- Non-disclosure agreement (if applicable)
- Your organization's mission and background
- Your marketing and fundraising campaign history, including online and offline fundraising goals and results as well as challenges with your current software
- A complete list of your software requirements
- A list of your nice-to-haves

- Your RFP timeline/deadlines, including:
  - Vendor questions
  - RFP response
  - Product demos
  - Selection timeline
  - Preferred/required implementation start and go-live dates
- Your RFP response requirements, including:
  - Proposal format/outline
  - RFP questions/responses that you're requesting
- Budget range for year one and ongoing platform fees (year one will normally cost more, as it includes migration to the new system and onboarding support)
- Your criteria for evaluating RFPs
- How to reply to the RFP and contact information for directing any questions vendors might have

3

Send the RFP/requirements.

Send the RFP to a short list of your top vendor candidates. There are dozens of software platforms on the market today. You can narrow the list by doing some initial research online or by working with a nonprofit software consulting firm like Cathexis Partners that can help you quickly focus on a handful of software options that will work best for your organization.

4

Answer vendor questions.

Respond to vendors' questions as quickly as possible so they can give you a thorough and accurate proposal. Consider sharing the questions and answers with the other vendors as well so that all vendors have the same information.

5

Review vendor responses.

Review all RFP responses with your team of stakeholders. Aim to reduce the number to your top three choices to make the final selection process easier. Notify the other vendors that they were not selected.

CONSIDER THE TRUE COST OF THE SOFTWARE

As you review your responses and narrow the list to your top vendors, it's important to know how much the software will cost. In other words, will it work within your budget? That might sound simple, but it isn't always.

Pricing for major software — such as CRM, fundraising, peer-to-peer fundraising, and marketing platforms — can get complicated. There are multiple aspects to pricing for these types of software solutions, including one-time fees and ongoing costs. There can also be additional costs that aren't always apparent at first.

So, how can you determine the true cost of software for your nonprofit? Here's a checklist of things to consider.

TIP

Be sure not to focus too much on costs at the beginning of the software selection process, as product vendors will typically let you know early on if their solution is out of your price range. Save the attention to detail for after you have a short list of potential solutions. Then, put cost details in a spreadsheet so that you can compare all anticipated fees across the products.

THE CHECKLIST

1

Licensing fees

The pricing model for most vendors these days is software as a service (SaaS). This model requires a monthly, per-campaign or annual licensing fee, which has a start and end date. Contracts often include an auto-renewal, so be sure to review the fine print before signing.

2

Transaction fees

One of the most appealing aspects of any agreement (for software vendors) is often the recurring, passive income generated beyond the licensing fees via transaction fees. These fees typically range from 1% to 5% and often do not include merchant services fees.

3

Payment processing/merchant fees

Speaking of merchant services fees, some software tools include a payment processing system while others require an additional payment processing solution. Sometimes there is a payment processing fee in addition to the actual cost of the product.

4

Implementation fees

Many modern software platforms are relatively easy to use and include introductory tutorials and other online resources. Your staff (with minimal or no involvement from the software vendor or a third-party technology consulting firm) can then accomplish a straightforward implementation.

However, some can become more complex. For example, if your nonprofit is implementing a new CRM platform and needs to integrate it with other systems your organization is using, you might want to engage with a third-party technology consulting firm to ensure everything is set up properly to meet your organization's specific needs.

If you're migrating to a new software system (versus setting up a completely new type of software that you've never had before), there will also be a cost to migrate your data from your old system to the new system. This will cost your team time and might also include fees from the new vendor or a third party to assist with the data migration.

And although this shouldn't be the case, some software vendors will charge you to extract your data (including notes and attachments) from their system. So, be sure to check your contract for your existing system and factor that into your implementation costs.

5

Custom development

Many software products include extensive functionality "out-of-the-box" that simply needs to be configured for your organization as part of the implementation. However, if your organization has complex or unusual processes, you might need someone on your team or a third-party developer to custom-build added functionality for your new system. Remember: The less flexible your new system is, the more likely you'll need to pay for custom development at the time of implementation or down the road as your organization's needs and processes evolve.

6

Maintenance costs

Your new software will require a certain amount of maintenance. You'll need to keep your data clean. You'll also need to troubleshoot issues and provide a certain amount of support for your staff. Assess your organization's internal resources and determine if you need additional help from the software vendor or a third-party technology consulting firm to keep your system working for you.

7

Product upgrade fees

Some software vendors include the cost of product upgrades as part of the system. Others charge a fee. Also, if you have custom development as part of the implementation of your product, a product upgrade might "break" the customizations, requiring you to pay for additional custom development to make the customizations work with the new version of the product. Keep these factors in mind as you assess the long-term cost of the product.

8

Training costs

With some software, training (usually online, self-service) is provided for customers. But with other software, especially if you have an implementation of the product that is highly customized, you might need to pay the software vendor or a third party (typically the company that completed the software implementation for your organization) to provide training for your staff.

Keep in mind that training isn't a one-and-done activity. It's important to plan for ongoing training when you make changes to your software and as staff comes and goes — and this will be an additional cost.

The Importance of Technology Training

Training can impact employee satisfaction and efficiency as well as staff turnover. Here are two things to consider:

Productivity

Employees are more likely to be more productive if they can get up to speed quickly on your organization's software and related processes.

Job Satisfaction

Staff members are likely to be more satisfied with their jobs (and stick around longer) if they feel confident using your organization's software and if they know where to go when they have questions about how to use it or they want to learn how to use it better.

SCHEDULE SOFTWARE VENDOR DEMOS
(AND GET THE MOST OUT OF THEM!)

Once you've reviewed software vendors' responses and narrowed your list to two or three contenders, it's time to ask your top vendors to provide demos of their products. To ensure you see the areas of the products that are most important to you, plan for about 1.5 – 2 hours for each demo.

Product demos can be tricky. Time is limited, and it's important that you see all you need to see to make the right selection for your organization and feel confident in your decision.

Just remember that you will be investing several hours in demos. Some pre-planning and organization can make that time much more valuable for everyone involved.

TIP

In general, there are multiple people participating in demos, and it can be easy to get sidetracked. Try to clarify your expectations with your team and the vendors in advance to streamline the demos, keep them focused, and optimize everyone's time.

THE CHECKLIST

1. To help evaluate each product, **give your stakeholder team a score sheet** that lists requirements and nice-to-haves. Ask the team to score the vendor on each item and take any additional notes to help them remember each product's features. After each demo, compile the scores and meet with your team to discuss any lingering questions that you might want to ask each vendor.

NEED A SAMPLE SCORECARD?

Here's one you can view and download to use as a starting point for your scorecard: Sample scorecard. Keep in mind that the scorecard does not need to include a line for each and every requirement. Rather, it should be a summary list that provides an opportunity to review general topics in the demo and give team members the ability to ask specific questions during the demo and record their impressions.

2. In advance of the demo, **give the software vendor a list of features** that are important to you so that the vendor doesn't just show you a generic demo. If you've created a scorecard, then be sure to share it with the vendor. The vendor probably won't follow it line by line because of how their specific demo flows, but it helps ensure that you see everything you need to see in the product.

3. Ask the vendor to **record the demo** so that you and others can view it again.

4. Make sure you **know who from the software vendor is presenting the demo** so that you understand their roles. This can help the conversation to run more smoothly.

5 **Make sure they show you how things work in the actual product** (not just slides or screen captures). If your demo includes more than 10 or so minutes of slides, ask them to redirect to a live demo at the earliest convenience.

6 **Write down questions** as they come to you. Don't assume you will remember them when the opportunity arises to ask. Depending on the length of the demo, you and your team's questions will likely result in a more focused and detailed follow-up demo to clarify any points of interest.

7 **Ensure that the demo stays on track** and focused on your organization's needs and not just the features the vendor wants to highlight. Otherwise, the vendor might gloss over features and capabilities that don't work as well as you need them to work.

8 On the flipside, **give the vendor a chance to impress you** with "sizzle." In other words, give them time to show off what sets them apart. You might just discover an important feature you didn't even know was an option.

9 In addition to the 1.5 – 2 hours scheduled for each initial demo, **plan on additional time for follow-up demos** to dive more deeply into specific items that were unearthed or unclear from the initial demos.

TIP

It can be extremely helpful to ask a nonprofit technology consulting firm like Cathexis Partners to join you for software demos. Cathexis Partners can ask questions that help to ensure your organization gets the clear answers you need to make a well-informed decision about your next software.

MAKE YOUR SELECTION

When the vendor demos and follow-ups are completed, meet with your stakeholder team to make a final selection. Have your demo scorecards handy for reference, and discuss the pros and cons of each platform.

TIP

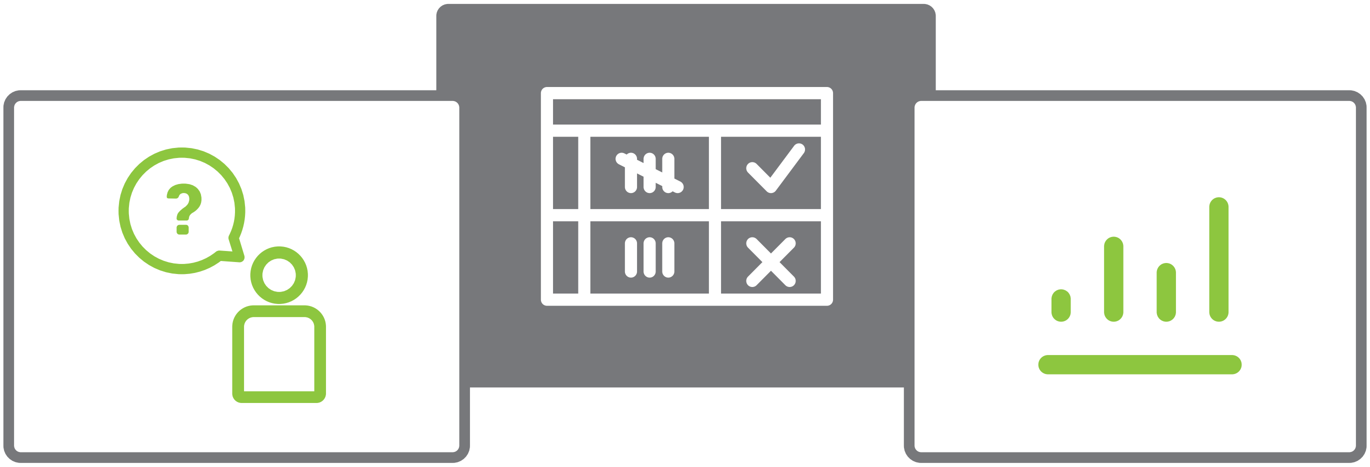
Pricing is important, but not always the most important factor when selecting software. Many vendors will negotiate on pricing to win the business, so be sure to select the software that meets most of your organization's functional needs.

THE CHECKLIST

1 ☐ **Tally the scorecards.**
Keep the discussion focused on how well the software platforms meet your requirements. Individuals at your organization will have opinions about the platforms based on a variety of reasons, so initiating the discussion around overall scores will help to highlight the areas of strength and weakness of each platform.

2 ☐ **Discuss the results.**
You might find that some individuals rated the same features very differently. Discuss those items and, if there is still disagreement, add it to a list for the vendors to provide clarification and more focused demos if needed.

3 ☐ **Address concerns.**
The final software selection won't necessarily be everyone's favorite, but you'll be off to a shaky start if key members of the team don't feel like their concerns and needs were considered. Ensure that everyone has had a chance to voice their opinions and concerns about each software platform before making the final decision.



NEGOTIATE THE CONTRACT

Once you've completed the RFP process and selected the software that's right for your organization, it's time to negotiate the contract.

Software vendors are often willing to work with you on costs, such as contract length, annual fees, and transaction rates, as well as other points in the contract. Talk with them about your organization's needs and concerns, and ask what they can do to adjust the contract.

TIP

There are several "levers" that can be pushed or pulled during the negotiation process. Keep in mind that you won't normally get concessions in all areas.

THE CHECKLIST

1. **Ask for a small reduction in the per-transaction fee.** If you expect a large number of transactions, then this might have a big (positive) impact on your organization.

2. Ask if the vendor will give you a discount **if you sign a contract for more than one year.**

3. If you have a legacy event that has consistently raised $100K+ online, then you might be able to **get any annual platform fees reduced or waived** because the vendor is confident in covering their costs and profit margin through transaction fees alone.

4. If there are implementation fees, **ask if there are implementation options** (different packages in which your team does more of the work or even works with a third party, such as Cathexis Partners, to implement).

5. If you have had a very favorable payment processing merchant fee with your current software, **ask if the new vendor can match or beat that rate.**

PREPARE FOR MIGRATION TO THE NEW SOFTWARE

Migrating to (or implementing) a new system can seem intimidating. However, thoughtful planning will make it much smoother for your entire organization. It can be especially helpful to focus on data and your implementation timeline.

TIP

Designate a point person for your new software migration. This should be the person who is most familiar with your organization's existing software and how it is used throughout the organization. Be sure this person is allowed enough time to manage both the software implementation project and their regular work tasks, which might require pausing some of the person's tasks or temporarily shifting the tasks to other staff in the organization until the software implementation project is completed.

THE CHECKLIST

1

Locate your data.

Check in with all staff members at your organization to make sure you know where all data resides. Ask if they're capturing and maintaining data in places such as spreadsheets or email inboxes to make sure you migrate all necessary information into your new software system.

2

Do a data clean-up.

The old adage of "garbage in, garbage out" is never more true than when implementing a big new software system. Even the best new software won't work optimally with duplicate, incorrect, or outdated data. That's why it's important to start cleaning your data before you migrate to your new software.

Keep in mind that while it's important to prepare your data for migration to new software, data hygiene is not a one-time activity. Establish an ongoing plan to keep your data clean and ready to put to work for your organization.

3

Review your data tables, queries, reports, and exports.

Create a list of all queries, reports, exports, and dashboards that your organization uses so that they can be created in the new system as appropriate. Also, decide if there is any data you do not need to move to your new software. This data could be tables, types of records, or even specific fields.

4

Update your database policies.

Sticking with the theme of garbage in, garbage out, any software system is only as good as the data going into it. While you have minimum control of how individual donors enter their information in online donation forms, you can make sure your staff knows and adheres to standard operating procedures.

Update your database polices based on your new software platform (your new vendor or implementation partner should be able to provide some guidance here) and carve out time for initial and ongoing training. Be sure that your policies and procedures include consistent naming standards for things like campaigns, events, queries, and exports to make searching and reporting easier and more accurate.

5

Revisit your staff onboarding checklist.

Include a comprehensive checklist in your staff onboarding process that helps to ensure the security of your data and make sure new staff members have the tools they need to do their jobs. For example:

- Determine what data permissions/access they'll need to do their jobs, and set them up in the system.
- Provide them with user names and passwords for system and program access.

- Schedule a training session with them to go over policies and procedures.
- Have a process in place to remove staff members from your systems when they leave your organization.

6

Plan the implementation timeline.

Software implementations can take anywhere from weeks to months or even years. How long it will take depends on a variety of factors, but it really comes down to complexity.

For example, you might only be adding or replacing a single point solution, such as an email or online donations tool, or you might be replacing an entire enterprise-level suite of solutions that include a CRM system. You might have a small, local organization, or you might be managing a large and complex multi-affiliate organization.

Rolling out a new online donation form is relatively simple and could take a matter of days or even hours. It could take longer if you have a large number of recurring donors and are migrating to a new merchant service provider.

If your organization is large and you're doing something complex, like replacing your CRM system, it could take multiple years to plan, implement, and migrate to a new solution.

Because the time needed for each software implementation project will vary, be sure to build a timeline with input from all stakeholders (including your software vendor and implementation partner(s)). In general, the phases of implementation projects will include:

- Discovery/planning
- Design (This could entail the physical design of a public-facing component, such as a website or form, or it could mean reviewing workflows to ensure new technology, such as a CRM solution, supports your organization's processes.)
- Development (This phase includes configuration of the new system, including data mapping and web development.)
- Testing and quality assurance
- Training and deployment

GET READY TO FIND YOUR NONPROFIT'S SOFTWARE MATCH

Your organization's ability to work effectively and efficiently depends heavily on the software you use. Be sure you have the best software in place for your nonprofit's needs so you can succeed for years to come.

At Cathexis Partners, we help nonprofits like yours use technology to raise funds and spread the word about their missions more effectively and more efficiently. If you have questions or would like help selecting and implementing the right software for your nonprofit, contact Cathexis Partners today:

cathexispartners.com   312.613.1655

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