



The Buyer's Guide to Donor Management Software



EBOOK

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Shopping for a new nonprofit CRM often referred to as a donor database can be challenging. 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 are in the market for your first solution. No matter the reason, it's crucial to create a plan to navigate through the fundraising technology landscape. That's why we've prepared this Buyer's Guide to Donor Management Software to help you cut through the noise.



Contents

The importance of fundraising and donor management software

Understanding cloud-based software

Signs you're ready to switch to new nonprofit software

Identifying your software needs

Understanding data security and management

Exploring integrations

Tips for assessing fundraising software demos

Making your software choice

Conclusion



The importance of fundraising and donor management software

Having nonprofit CRM (constituent relationship management) software is an integral component of a successful development department. The nonprofit sector has come a long way from manually tracking donor information on index cards in filing cabinets or utilizing spreadsheets. Today, there are many solutions to choose from that are specifically tailored to nonprofit needs.

Having a solution that was made for the sole purpose of managing donor information offers many benefits over using a general spreadsheet tool like Excel. While these programs may allow you to simply store data, a dedicated nonprofit CRM will enable you to automate processes like refreshing donor data, communicating with donors, tracking donations, and analyzing data to inform strategies that will help you increase your donor retention rate. A dedicated nonprofit CRM can also integrate with other tools that can further streamline your internal operations.

While a low or no-cost option may be enticing, a true nonprofit CRM—which likely charges a monthly or annual fee and processing fees—has the highest potential for ROI (return on investment) because of the benefits it brings to your fundraising processes.

Understanding cloud-based software

In the past, nonprofits had the choice of software installations (physical software that needed to be installed on one machine from a disk or downloadable file) or cloud-based solutions. Nowadays, most CRM software is available through the cloud. This means there is no need to install any software—the application is available through a website from any device with an Internet connection.

Typically, vendors will set you up with a database and a unique set of usernames and passwords. This allows nonprofit employees with little-to-no technical resources to take advantage of a fully functional donor database.





Signs you're ready to switch to new nonprofit software

Many fundraisers hesitate to switch to a new software system because the process has a reputation for being costly and time-consuming. However, migrating to an all-in-one, robust system is worth it because it can greatly streamline and enhance your fundraising efforts, which will save you time and money in the future.

Here are a few common signs that it could be time to switch to a new platform:

- Your staff doesn't find your current software to be user friendly.
- It's difficult to train new staff members to use your software.
- It's challenging to segment constituents, such as donors at risk of lapsing, potential new donors, or major gift donors.
- You're only using a small percentage of the available features but paying for all of them.
- You're using spreadsheets, text documents, and other files to supplement your database.
- You can't easily create accurate data reports.
- Your monthly or yearly bill exceeds your budget.
- Your software platform hasn't been updated in years.

If any or all of these resonate with you, it might be time for a change.

"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





Identifying your software needs

Understanding how you use your current system is critical to choosing a new system. Ask yourself these questions when starting your search for a new vendor:

- How much does your current system cost? How much are you willing to spend on a new system?
- How many people in your organization use your donor management software? Do they have different levels of access?
- How many account records (names) do you have in your current software? Are they active or inactive? Do you have access to this information?
- What transaction options do you use? Examples include pledges, monthly donations, credit card donations, matching gifts, memorial/tribute donations, etc.
- Do you use separate software for accounting, email, events, etc.? Do you want these programs to integrate with the software solution you're looking for?
- How many email addresses do you have on your list? How many lists or segments do you have?
- What kinds of emails do you send? Examples include a monthly newsletter, gift acknowledgments, appeals, etc. Do you have access to custom email templates?
- What kind of reports do you run or want to run regularly?
- Does your website integrate easily with your donor management system? Can you use the integration to track newsletter signups, online donations, event registrations, merchandise purchases, and other online actions?
- What features does your current system lack that you believe your organization would benefit from having?

Using the answers to these questions, create lists of “must-have” and “nice-to-have” features. Then, look for a system that includes all of your “must-have” and many of your “nice-to-have” features. This ensures you're covering the essentials while gaining access to advanced tools that help take your fundraising, marketing, and donor engagement strategies to the next level.



Understanding data security and management

Your CRM solution will handle a large volume of donor data. Keeping this data secure is essential for ensuring donors' trust in your organization.

Assess the level of data security offered by each of your top software options. Look for software that offers the following cybersecurity features:

Tokenization. Tokenization is the process of exchanging sensitive data for non-sensitive information. The tokens have no inherent meaning or value, meaning that there is no way to return to the original value by just viewing the tokenized data. This helps keep donors' sensitive personal information secure.

Updated changelog. A changelog is a record of all of the updates and security patches made to a software system over time. This log helps you understand how the product has evolved and the steps the vendor has taken to make the software more secure and useful.

PCI compliance. When you use fundraising software to collect and process donors' payment information, you need a way to ensure that information will stay safe. PCI compliance is a set of security measures intended to prevent data theft. Make sure the software you buy is PCI compliant.

SOC 2 compliance. SOC 2 compliance is a voluntary security compliance standard for vendors that handle customer data. A software provider that is SOC 2 compliant has been vetted by outside auditors and has been confirmed to comply with five trust principles: security, availability, processing integrity, confidentiality, and privacy. Choosing a vendor that is SOC 2 compliant is another layer of protection that your organization can rely on when processing donor data.

Major data breaches damage supporters' trust in nonprofit organizations and lead to uncertainty about providing sensitive personal and payment information in the future. But with these security measures in place, you can ensure your software system's vendor is taking steps to protect the data in the system.



Exploring integrations

Your nonprofit likely manages a variety of donor engagement and fundraising activities on a daily basis. You send emails, review donor data, plan events, launch social media campaigns, call donors, and more.

You probably don't manage all of these activities using one software platform, which means it would be helpful to have all of this information centralized in one location. That's where integrations to donor management software come into play.

When you find a fundraising and donor management solution that integrates with other software platforms you're already using, you can easily transfer data between systems and maintain ongoing campaigns. Software integrations can:

- Save your team time and allow you to avoid manual data transfers and uploads
- Help you access better data insights by pulling information from across different platforms
- Promote cohesion and transparency across fundraising and marketing campaigns, keeping your team on the same page
- Keep fundraising and finance teams aligned

Look for a CRM software solution that integrates with other tools your organization already uses. These might include:

- Accounting software
- Marketing platforms, including email and social media
- Event and auction software
- Payment processors
- Volunteer management tools

Integrations expand the functionality of your core nonprofit software, empowering your team with access to additional features that help move your mission forward.



Tips for assessing fundraising software demos

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

Before the demo:

- Do your homework. What is the history of this company? How long have they been in business? What types of organizations use their services and products?
- Have the vendor take you through a full proposal review. What will this cost? Is it in your budget? Can you afford all the features you want?
- Ask about data conversion and clean up. How easy is it to transfer data to a new system? What support does the vendor offer to manage this process?
- Verify credit card transaction fees/surcharges. Understand how these charges will affect your donors' experience and your budget.

During the demo:

- Involve all of the members of your team who will be using the system.
- Ask the questions you came up with before the Demo.
- Ask to see your specific requirements in action (reports, transactions, etc.).
- Verify website/online donation form integration.
- Verify how long the conversion process will take.
- Ask about security and data ownership.
- Determine the proper point of contact should you have any questions about the software.

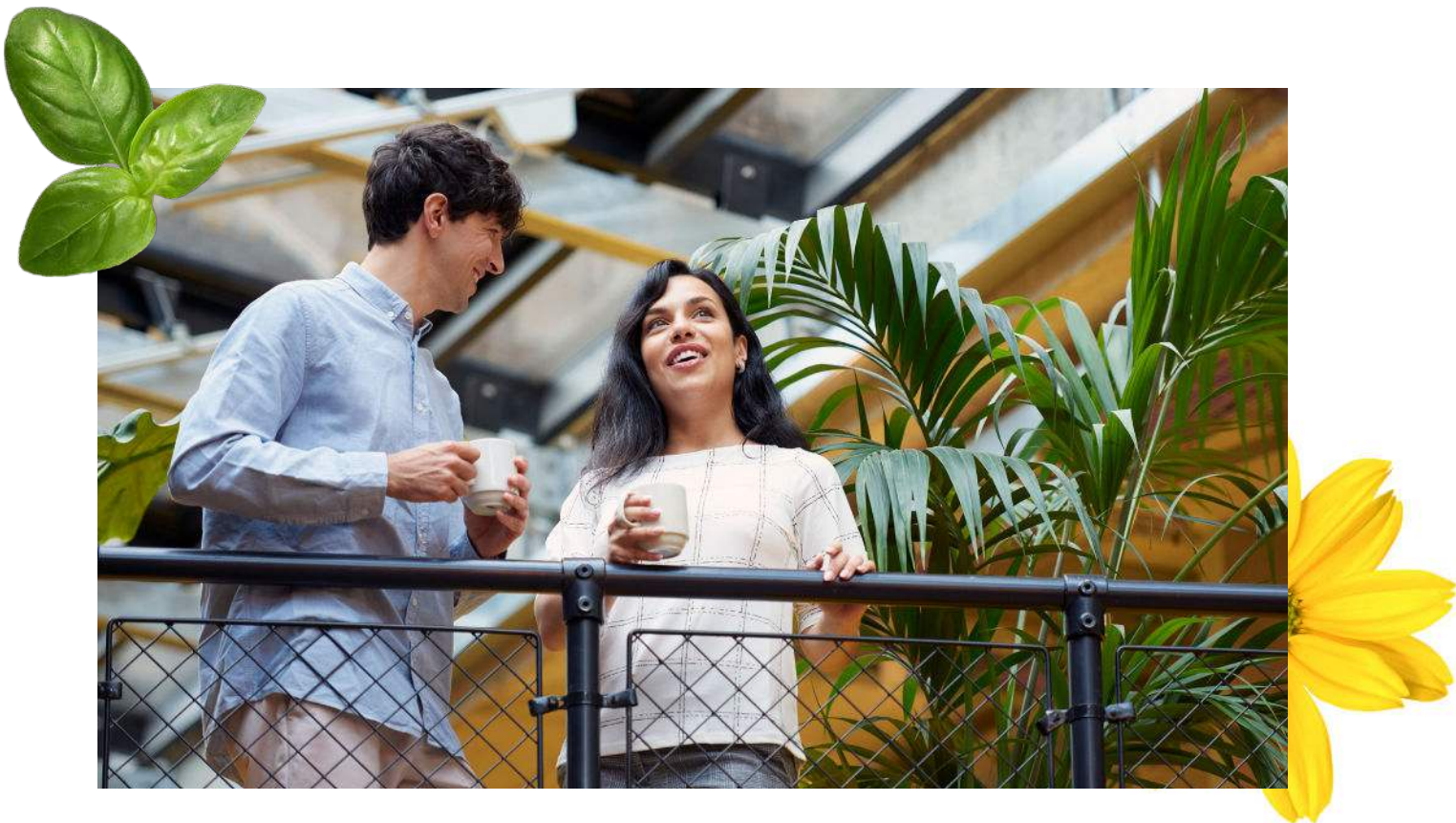
After the demo:

- Call your trusted consultants for their insights on the product.
- Decide whether you need another demo. Someone else on your team who didn't attend the first demo might need to see the tool in action and visualize how it will fit into their day-to-day workflow. Determine what additional information you need to make an informed decision and request that the demo focuses on those details.

Making your choice

After thoroughly reviewing demos, looking at your budget, and discussing your options with your team, you'll be ready to make your software choice. Before coming to a decision, consider these final points:

1. Find a partner that will grow with you. Hopefully, your nonprofit will grow beyond the size it currently is. Make sure your software grows with you. Will the core functionality be there? Will it help you retain donors? Look at the broad picture and not just one or two select features.
2. Understand how the vendor will keep you updated on changes. With cloud-based software, vendor communication is key because updates happen behind the scenes. How often is the software updated? Do they maintain a robust product blog or changelog?





3. Consider paid software instead of free tools. You may be interested in free fundraising solutions that help your organization save money while still accessing fundraising tools and features. Keep in mind that free software is often not robust enough to handle the needs of growing nonprofits. Also, many “free” solutions end up requiring hidden fees to implement useful add-ons. So, while free options are good stepping stones, paid solutions are the right option for most nonprofits to help promote long-term growth and ensure you have access to all necessary tools.
4. Verify the next steps. After you buy a solution, you’ll need to get your team set up to use it. Make sure you understand exactly what will happen and when before you sign on the dotted line.



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 ins each quarter too.

MARK A PITMAN
The Fundraising Coach



Conclusion

Hopefully, this guide makes the process of selecting a new nonprofit software vendor a little easier. Share these insights with your team to guide your search and vetting process.



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