Fundraising Software: Buy or Build?

The Big Picture

The success of your nonprofit agency relies on information management. You need to manage information relating to staff, volunteers, donors, grants, initiatives, campaigns, accounts, funds, etc.

Technology is a necessary tool for your information management. But effective information management requires much more than a technological tool; it involves the interaction of human and technological resources. Your solution will be part software, part hardware, part human resources, and part organizational structures. To determine your unique approach to information management (your unique combination of these four components); focus on how information flows through your agency, not the specifics of fields and reports. An information management system is not a simple commodity solution; the solution involves much more than a cost analysis.

Regardless of your software tools, the outcomes are only as good as your human resources and operational structures. When you acquire a software solution, you're really getting a tool that builds the big solution. All nonprofit agencies are unique with unique approaches to information management. Only you can select the optimal tools for your agency!

It is hard to imagine that technology in use today will still be appropriate in three or four years. It is recommended that you re-evaluate your approach to information management every three years and consider the costs and/or benefits of upgraded approaches.

Evaluating Software Solutions

User-Friendliness: If your fundraising efforts rely on volunteers or part-time staff, or if you are growing and increasing your staff complement, or if you have high staff turnover, you will want to make sure your software is simple to use and easy to learn.

Comprehensive Capabilities: You need software that will track and analyze a broad spectrum of data and information as well as generate a wealth of useful reports.

Installation and Training: You need to get up and running quickly and easily.

Support: Expect to have questions, but answers should be readily available.

Extensibility: You will want to get the most out of your software. In depth training and information should be readily available.

Hardware: Your hardware should be able to accommodate all your software's functions. Network enabled solutions are ideal; they are cost effective and organizationally efficient controlling information flow by functioning on a "need-to-know" basis.

Growth: Make sure your software allows your agency to grow over the next three to four years. Ask some hard questions about capacity.

Change: Look at options that meet the current requirements; more importantly look to see if the options are adaptable to changes in technology and the nonprofit sector. Changing technological components could be costly, so it is important to find a solution that works now and will continue to work in the future.

Buying A Software Solution

If you buy a software solution, you will likely require more than one application or vertical market solution. Vertical market applications exist for combinations of accounting, fundraising, client and case management, information and referral, volunteers, ticket sales, attendance and just about any other nonprofit activity.

Predictable costs, rapid implementation, and standardization of tasks are the big pluses of vertical market solutions.

Buying a solution may appear to involve a larger cash outlay than a self-developed system. However the true cost is much less; buying a solution is equivalent to outsourcing software development and support costs.

A vendor solution is a known quantity, so it is easy to evaluate functionality prior to implementation.

The best vendor solutions offer a balance between the vendor's responsibility to ensure that the application will run using the agency's hardware and the nonprofit's responsibility to have the right equipment and use the software properly.

Nonprofit agencies face technology issues. The companies that develop nonprofit technology are the best equipped to address these issues. A good software supplier will reach out and help their clients deal with technology and other operational concerns.

Most software publishers release upgrades to their software every 18 months to two years. A vendor solution ensures you have room to grow and evolve.

Any organization should concentrate on what it does best. A nonprofit agency should focus on its mandate and outsource software development.

Building a Software Solution

It is often assumed that if you build a system it can perfectly match your requirements. Unfortunately this is rarely true. Usually by the time a system is built your requirements will have changed. As your agency grows your requirements are certain to change. The ideal system will have flexibility to track and use information in new and increasingly sophisticated ways. However, all to often a built solution matches so tightly to existing requirements that it doesn't allow flexibility.

If you build a solution, you have two options. You can build it yourself or you can contract a consulting firm to build it for you. Whether self-developed or consultant-written a built solution starts with a leap of faith that the final product can be realized.

Creating your own Fundraising Database

The rule of thumb is… don't. There are many reasons for this - including the time and salary expense it will take to study your program plan, map out the database, build the required files, create field structures, design the screens, convert and load data, build stock reports, and debug the database. Why have this trial-and-error headache and expense when there are database products that will give you what you need with room for future growth?

If you select this option, you will need access to a lot of advanced skills. You'll need a full-time IT department (not just one staff member) to do all this.

Contracting a Consultant to Build your Fundraising Database

The primary reason to hire a consultant is to create high-level custom solutions. But if the requirements are sophisticated, the costs can be extreme. However you do get a custom application that may be completely integrated with all agency activities.

A consultant will require good project specifications and a major commitment from staff and senior management. At least one senior staff member must act as liaison to the consultant. A good consultant will welcome this level of involvement since it helps them do a better job. At the conclusion of the project, further liaison with the consultant will be a necessary and costly resource.

The main problem with consultant-created applications is runaway costs. This is almost always due to changing specifications after the project starts, you will have to spend time and money for your consultant to return and rebuild.

Another problem is to under-estimate the amount of time and effort senior management must devote to ensuring the completed project actually meets your needs. Management must stay involved in the process and make go/no go decisions at the completion of each phase. Typical phases include design requirements, design, interface and reports, testing, conversion and training.

Advantages of Buying a Solution	Advantages of Building a Solution
• Less expensive in the long run • Quality assurance - reliable and tested • Easy for non-technical staff to use • Doesn't require technical expertise to develop • No messy clean up of "solutions" that don't work • Quick delivery and implementation • Support centre experts on call • Cutting edge technology • Regularly issued upgrades • Documentation and manuals • Vendor will offer customized supplies • A good vendor understands what you have and what you need • A good vendor will be available for consultancy	• Total control over the solution • Customized solution • Flexibility with hardware and software • Can be cost effective for very simple requirements
Risks of Buying a Solution	**Risks of Building a Solution**
• You may need customization • It's a new tool to learn • You may be locked in to a vendor's solution	• Inexperience programming lead to very buggy solutions • Labour intensive and labour expensive • People with necessary advanced skills are hard to find and keep • Bug-fixes and enhancements are expensive • Requires heavy management involvement • Integration issues with other software • Learning for the first time and making mistakes • You are responsible for problems and maintenance • No upgrades • Often no documentation
Costs of Buying a Solution	**Costs of Building a Solution**
• Technology infrastructure - servers, databases, networks • Licensing • Support • Training • Customization - if required	• Technology infrastructure - servers, databases, networks • Consultants, testing, operations • Staff payroll • Debugging • Rewrites • Enhancements