CLOUD TECHNOLOGY FOR NONPROFITS

How the cloud carries your mission forward

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Contents
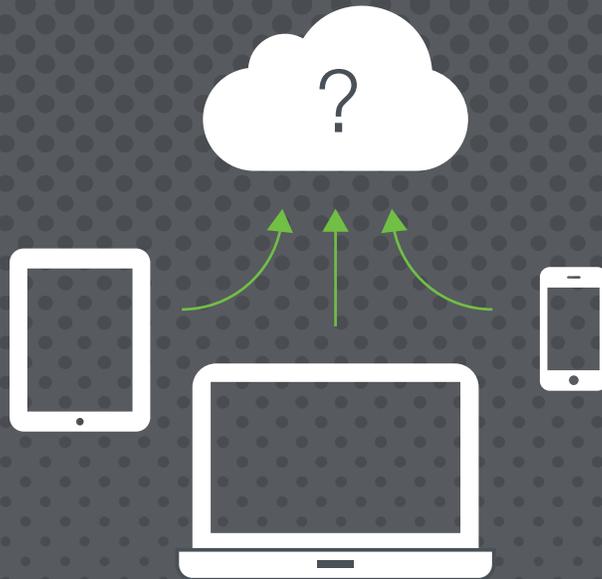
WHAT IS THE CLOUD?

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What is the "Cloud"?

➤ **The emergence of cloud computing has changed the way people around the world conduct business, create works of art and support causes.**

More than 90% of nonprofit organizations are using cloud computing today with half of them using multiple cloud services. As your own organization weighs the pros and cons of getting on board with the cloud, chances are that on some level you already have.

Broadly speaking, cloud computing is a method of delivering services through shared resources online.
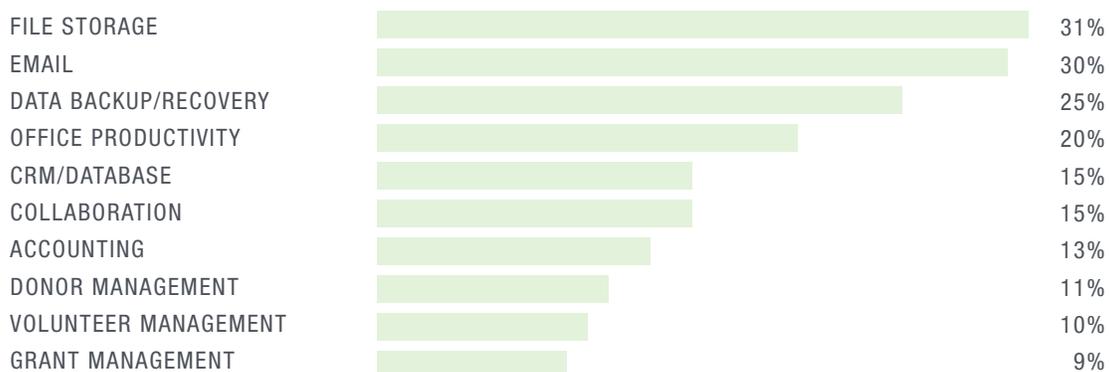
AMY SAMPLE WARD
NTEN, CEO

" A lot of the things that you are doing in the office could be accomplished from any computer, anywhere in the world. "

The growing use of cloud services allows individuals and nonprofit organizations to focus on their services, programs and respective missions rather than investing valuable resources on an expensive, time-consuming IT infrastructure. However, even as a majority of nonprofit organizations inch toward implementing the benefits of a more cost-efficient and productive work environment, there are still major opportunities for advancement being left on the table.

While the majority of nonprofits are using the cloud for common tasks like email, only about 15% are using this affordable and effective resource to strengthen accounting and fundraising database resources and other mission critical applications.

A recent report from TechSoup found that once you get past email and file storage, most nonprofits are still reluctant to embrace the cloud for their other organizational needs:

➤ **Top Cloud-Based Applications Likely to Be Adopted**

FILE STORAGE	31%
EMAIL	30%
DATA BACKUP/RECOVERY	25%
OFFICE PRODUCTIVITY	20%
CRM/DATABASE	15%
COLLABORATION	15%
ACCOUNTING	13%
DONOR MANAGEMENT	11%
VOLUNTEER MANAGEMENT	10%
GRANT MANAGEMENT	9%

Providers of these cloud resources offer what is commonly referred to as software as a service, or SaaS. That includes services we use everyday like email, messaging and phone calls. But it also includes file storage, fundraising databases, office programs and accounting software. This model enables people to access their tools and work anywhere and at anytime where they have an Internet connection.

To easily visualize how cloud computing works, think about the electricity grid that delivers power to countless homes and businesses across the nation. Before the grid existed, everyone needed a power generator. Eventually, power stations transmitted electricity on a large scale, which could then be distributed to each location that requested power through the flip of a switch.

Likewise, cloud service providers such as Oracle Cloud, Google Drive, Dropbox and even something as simple as online banking, Facebook or Yahoo! Mail serve as massive hubs of storage space while offering a variety of essential services.

➤ ## The Changing Landscape of Technology

Less than a decade ago, when you purchased a new piece of software, it came with several physical compact discs that you installed on your laptop. But in today's environment, you only need an Internet connection from your laptop, smartphone or tablet to access those same types of programs and applications. The complex and time consuming installation process has been replaced with a simple login that allows us instant access to the tools we need to do our jobs.

A SIMPLE LOGIN
ALLOWS US
INSTANT ACCESS
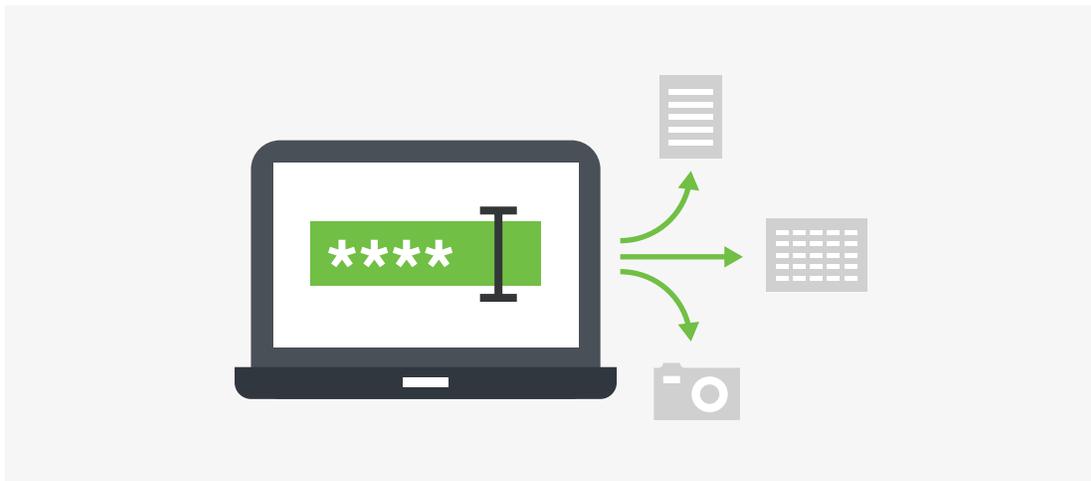
Used correctly, switching to cloud services will save an organization time and money. You won't be investing in expensive hardware, licensing software or hiring significant IT staff. Additionally, the services offered by the cloud are superior to those offered by the old model, in which an individual's work and resources are tethered to the physical location in which they were created.

The SaaS model lets people take advantage of a broad collection of IT services without needing to have a deep and sophisticated knowledge of how those services function on an operational level. Instead, people are free to focus on their core tasks and mission.

On Premise vs. the Cloud

Much like buying a new car, the value of your hardware and licensed software exponentially decreases the moment you drive it off the lot.

Instead of this on premise model, the cloud functions on a "Pay as You Use" model, where you are only charged for the storage and specific services you require. Cloud service providers handle maintenance and accessibility issues, including security. And changes do not need to be applied to everyone's individual computer. Licensing costs become a thing of the past. And your IT staff will be able to easily adjust resources to meet the demands of the team.

MOVING TO A
CLOUD-BASED
INFRASTRUCTURE
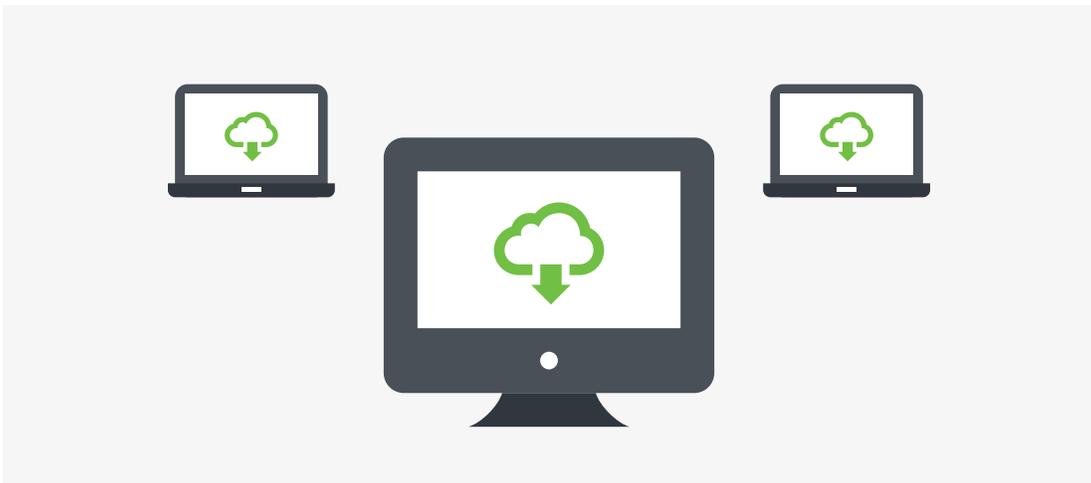
Simply put, we're now living in a world where most daily tasks are conducted online through our computers, phones or tablets. Cloud vendors are growing at 50 percent per year, offering a cost competitive landscape for individuals and nonprofit entities looking to make the switch on a limited budget. Of course, there are questions for any organization considering a switch from on premise infrastructure to the cloud. But for most, the quick benefits of saving time, money and technological headaches will be a welcome change.

WHY IS THE CLOUD RIGHT FOR ME?

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Why is the Cloud Right for Me?

➤ **Now that you have a basic grasp on what the cloud is, the next question becomes, "Do I need to make the switch?"**

Just about every nonprofit organization would like to save money and execute their core missions more effectively. For many, the dilemma is how to optimize efficiency without breaking the budget. In its survey, TechSoup found that 49% of respondents cited cost-based issues as the largest obstacle in a switch to SaaS.

AMY SAMPLE WARD
NTEN, CEO

" Nonprofits need to know what they want a cloud service for. Who in your organization is going to be using this software? "

The good news is that in less than five years, the costs of SaaS have decreased dramatically just as the number of and quality of services have correspondingly increased. There is a recurring theme in the cloud marketplace: "better quality at lower costs." Let's compare that positive trend to the relatively stagnant financial burden of on premises IT solutions.

➤ **Only Pay For What You Need**

Let's say you're planning a family vacation to Hawaii. Would you invest hundreds of thousands of dollars to buy a beachfront property for that one trip? Or, would you get a room at a nice resort for a few hundred dollars where everything is included? The choice is obvious for most. But in the world of IT, most never really had a choice until SaaS became readily accessible.

Most hardware has a shelf life of 3–5 years and the software used on these machines typically needs to be upgraded several times along the way. The fundraising database software you purchased works just fine. However, costs multiply as you purchase additional licenses for each registered user and an ongoing stream of upgrades, patches and add-on items.

With SaaS those surprise costs are eliminated. Your cloud provider handles all software updates and maintenance. The only thing you pay for are the number of services and space you use.

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➤ Is My Data Safe In The Cloud?

In their survey of nonprofit organizations, TechSoup found that 45% of respondents cited data security as a major concern about switching to the cloud. Recent data shows that roughly half of all data attacks target nonprofit organizations. You could be saying to yourself, "Sure, my organization's hardware is expensive but at least it's safer here in our own office than floating around somewhere on the Internet."

There have been sensational stories in the news about celebrities having their photos and other personal information stolen from SaaS providers such as Apple's iCloud. Even the National Security Agency was shown to be vulnerable. Nevertheless, the reasons these stories make headlines is because they are the exception, not the rule.

CLOUD PROVIDERS INVEST IN DATA PROTECTION

"I think whenever something like that hits the news the conversation is more about that being an anomaly," Ward said. "I think it's less about trying to say that Microsoft can be unsafe. They have an extremely vested interested in making sure it's safe."

Your organization has to decide how to best protect its data, including sensitive information on donors and fundraising efforts. The time and resources required to stay on top of every new virus or hacking scheme pulls attention away from your organization's objectives. The best cloud providers have large teams comprised of thousands of experts whose sole job is to detect these threats and stop them. They are currently investing millions of dollars to strengthen their privacy and data protection capabilities, meaning that while they focus on their mission of strengthening data security, your organization is free to focus on its own primary agenda.

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➤ Making Your Organization Truly Mobile

The right combination of cloud services will allow your organization to function in a more streamlined and efficient manner. Suddenly, "the office" is available anytime and anywhere your team members

have an Internet connection and a connecting device like a laptop or even their mobile phone. That kind of on the go access dramatically increases opportunities for collaboration with your team.

PATRICK CALLIHAN
TECH IMPACT,
EXECUTIVE DIRECTOR

" When you're talking about fundraising, efficiency is important. When I'm walking into a donor meeting, I want information at my fingertips—when was the last time they donated, what are their interested in? If I have to log into a VPN to do that, it's a lot less efficient for me. "

No doubt you're passionate about the cause your organization supports and your team wants to go the extra mile. However, going that extra mile can be difficult if the team doesn't have access to the necessary tools.

"A lot of times, nonprofits just won't use a system because it's so difficult to navigate and this leaves them at a disadvantage," Callihan said. "Having that 'anytime, anywhere' component is really compelling, especially to executive directors who just won't look at that stuff on nights or weekends because it's too difficult to get to."

"THE OFFICE"
IS AVAILABLE
ANYTIME AND
ANYWHERE

Most of us have struggled through learning how to use a new software program or trying to install a complicated piece of hardware. And even when we get things up and running, our tools don't always play well together.

However, a good SaaS provider alleviates these issues by integrating all of the necessary tools for your organization (fundraising software, efficient databases, email, storage, etc.) providing easy to use services, and assisting you 24/7 with a dedicated team of professionals.

➤ ## Don't Worry; You're Already Using The Latest Version

SaaS platforms like Google Drive update and innovate constantly. The difference here between the cloud and on premises infrastructure is that you don't have to suffer through long updates or expensive upgrades. Updates on the cloud happen behind the scenes, not when you're trying to log in and make critical updates to your database. And those updates are smart changes, based on feedback that SaaS providers obtain from usage statistics and client feedback. This real time data allows cloud service providers to leverage best practices and improve the overall quality of your experience.

➤ ## Reported Major Barriers

LACK OF KNOWLEDGE - *Inadequate training, no management support for cloud, no funder support*
60%

COST - *Monthly costs, setup costs, migration costs, Internet costs*
49%

DATA SECURITY - *Data security concerns, data loss concerns*
45%

LACK OF TRUST - *Cloud not ready to depend on, integration issues, general lack of trust*
44%

NONCONTROLLABLES - *Gov't regulations, unstable electric grid, lack of dependable Internet connectivity*
34%

NO NEED
17%

➤ ## Reported Major Advantages to Cloud Computing

ADMINISTRATION - *Easier software access, easier disaster recovery, reduced system admin, rapid deployment*
79%

COST - *Low capital investment, fewer IT staff needed, transforms capital expenses to operating expenses*
62%

PARTNERSHIP - *Improved collaboration, easier to partner with other orgs.*
61%

DATA - *Improved data security, better data organization, data under my control*
54%

➤ **Predictable Costs**

So, everyone is moving to the cloud. Everything you're hearing tells you that SaaS outperforms the old model. But any nonprofit must also factor in the costs to decide if it's truly worth making a significant change in how their organization operates.

When you buy new hardware or software there will always be the question of how much return you'll get out of that investment, but with cloud-based services you only pay for what you use.

"Map your migration path to the cloud but start with things that are easy and free," Callihan says. "Then move on to things like electricity, staff management, even the amount of floor space you'll be saving. A good SaaS provider will tell you exactly how much those services cost and you'll be able to compare having things in the cloud against having that same physical infrastructure on site."

After that road map to the cloud map is complete, you may need to make a grant request to pay for the transition. "In my experience, foundations want to make grants that make an impact on the organization or the people they serve," Callihan says. "If I'm never going to have to come back and ask for $8,000 for a new server, I think the foundations are going to see that and realize it's an investment in being more efficient and effective at the work they are doing."

WHEN SHOULD I MAKE THE SWITCH?

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When Should I Make the Switch?

➤ **Before any nonprofit makes the switch from on premises infrastructure to cloud services, they will need to conduct a detailed cost benefit analysis.**

After all, the whole point of making a switch is to improve quality while saving your organization money. Some nonprofits with a larger operating budget should consider bringing in an outside firm to evaluate the needs and costs involved. But there are some simple steps that any organization can take to evaluate their own IT needs.

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➤ **What Do We Need and How Much Is It Going To Cost?**

The first step involves creating a matrix of costs and benefit choices. As Callihan explains, these can be broken into four simple categories:

- High cost savings with little effort
- Low cost savings with little effort
- High cost savings with large effort
- Low cost savings with large effort

PATRICK CALLIHAN
TECH IMPACT,
EXECUTIVE DIRECTOR

" There is a cost to associating all of your data offsite. In some cases, we'll advise clients to look at what data is critical and save that offsite. In other cases, it's how accessible is that information? Anything that's critical to your operation: donor management, financial management and emails are best to be stored offsite. "

Some of these moves will be quick, easy and free. For example, switching to a cloud based email system could be as easy as signing up for Gmail or another free email service. Meanwhile, deciding which files and applications should be moved from an on premise server to the cloud will likely require more research and some financial resources to implement.

"It's smart and super healthy to ask those questions," Ward says. However, most if not all aspects of SaaS are likely to offer your organization both budgetary and performance advantages. For example, when you make the switch from on premise infrastructure to a virtual server, your organization will never have to worry about how you're going to find the funds to replace a broken server.

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➤ Hard Costs And Soft Costs

Your organization is likely to incur some costs as you make the transition from on premises infrastructure to the cloud. But it won't take long to see a return on your investment. And some benefits will be clear immediately.

For example, when a server or application experiences problems in the cloud, your organization will likely never even notice. Larger SaaS providers like Microsoft 365 offer clients 99.9% reliability guarantees; effectively meaning your cloud resources will always be working and available. And when there is a problem, Microsoft's own team of IT experts will already be working to fix the problem. That's one less headache for your team.

YOU ONLY PAY
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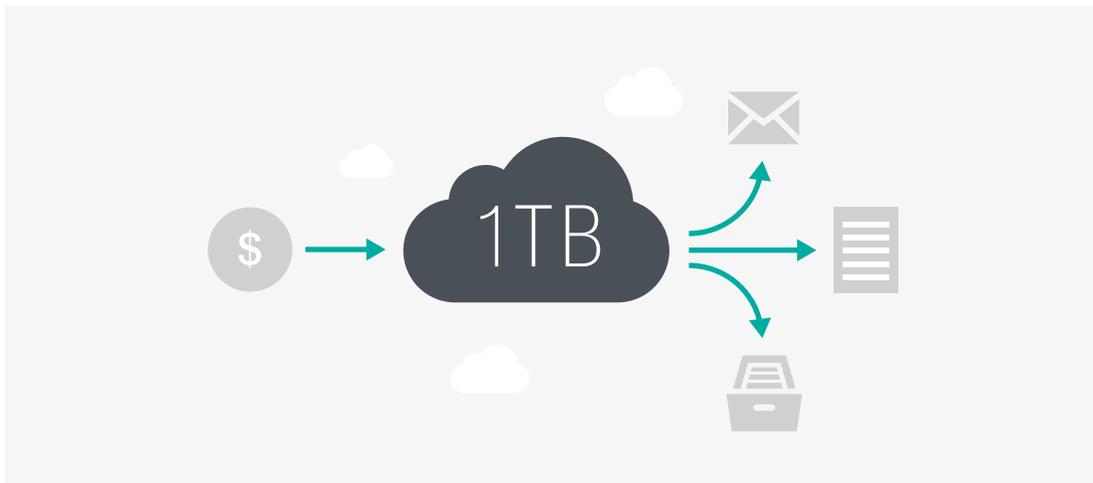
With virtual servers, email and cloud storage, your organization will only pay for what they use. If you realize you're spending too much money on server space or applications you don't need, you can simply adjust your plan with any SaaS provider and the costs will be gone by the time your next monthly bill statement is emailed to you.

Another cost to consider with on premise hardware are the software and application licensing fees. Even with discounts for nonprofits factored in, it's a waste of scarce funds to be licensing new software and subsequent updates every year. When you switch to an online application service, you'll never pay for another software update again. That's because the SaaS providers simply include software licensing and updates as part of their monthly fees.

Total Cost Of Ownership

After you've completed a self-evaluation of your organization's needs, you should have a rough estimate of the total costs of on premises ownership versus paying as-you-go fees on the cloud.

You already know the services provided will be equal to or better than what you're currently receiving, but will the switch save your nonprofit money and free up resources to focus on your primary service mission?

The good news is you don't have to switch everything at once. If you can save money and improve the quality of performance by storing your critical data on a virtual server, then it makes sense to make that switch now. Want to get rid of that clunky email server or your ancient phone landlines? That can be done with same day service, providing instant savings.

Start with the obvious choices and build from there. And for IT decisions that simply cannot be made on your own, consider seeking help from an outside agency. SaaS providers themselves can provide valuable feedback on when and how to switch and will often provide those evaluation services at little to no cost.

AMY SAMPLE WARD
NTEN, CEO

" We see in the tech investment report consistently that people say they do have the tools but they just don't have the training. Anyone who has ever used a database knows, there is probably 90% more that they're not using, so much more they could be doing to be more effective. It's about recognizing that you should continue training people how to best use and maximize the tools you've invested in. "

FUNDRAISERS AND THE CLOUD

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Fundraisers and the Cloud

➤ **At the end of the day, technology only serves the nonprofit organization if it empowers them to better carry out their core mission.**

And for any organization, fundraising is an ongoing process that generates the financial resources which allows those objectives to be carried out.

So far, we've explained what the cloud is, how its services can be more affordable and efficient and how to go about making the switch. But there's another important element that should not be overlooked and that's how SaaS can be used to improve your organizations' ability to fundraise.

PATRICK CALLIHAN
TECH IMPACT,
EXECUTIVE DIRECTOR

" When you start to get this data into the cloud, it's going to provide some options for analytics and I think that's one of the things that's currently lacking. Those analytics are going to become more important so they can really understand the profiles of the donors, where the money is coming from and how it's coming in. "

If donor data is stored in the cloud, SaaS providers can manage that data in a way that will enable nonprofit organizations to better understand who their donors are, when they like to give and under what circumstances. Obviously, that's better for an organization looking to more effectively manage its database of donors. But it's also a better way to respect the relationship with donors. When an organization better understands who gives and why, they can more effectively target their requests.

Let's say you have a generous donor who gives money every year. Your organization sends her a grant request each quarter, but a data analysis reveals that she only donates during the first quarter. A further analysis finds that she donates more when there is a political element connected to your cause. Your organization can use that data, along with several other metrics, to execute the best plan for making grant requests in a way that nurtures not only your organization but sustains and even builds the relationship with your financial backers.

As Callihan notes, "Even combining those analytics with outside information – like is it seasonal, is it impacted by the economy? Until you have those sources available, you won't be able to make those calculations."

Cloud services can also help streamline the donation process. SaaS providers can offer additional resources such as apps and other online tools that will make it easier for donors to contribute and for your organization to effectively target your fundraising needs anywhere, anytime.

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➤ ## Conclusion

A large scale transition to cloud computing is coming to virtually every nonprofit organization. Most nonprofits have already begun the process but there's still a lot of progress to be made. Moving forward, your organization and the great causes you support will be best served by a detailed and honest assessment of your IT needs. Pinpointing the ways in which SaaS can better provide the tools needed to carry out your work while simultaneously saving money will benefit the team of dedicated individuals who make your organization work, allow you to better understand your donor network and ultimately allow you more time to focus on the common cause you all work so passionately to support.

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Learn more about how Blackbaud is taking
nonprofits to the cloud

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