

Research Study: Cloud-Based Business Solutions Suite Delivers Key Performance Improvements to Nonprofit Organizations



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*Sanjeev Aggarwal
Laurie McCabe
Dwight Davis*

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 Contact Softype, Inc. at +1.650.488.4412 or email info@softype.com

Executive Summary

Many nonprofit organizations are using cloud-based ERP to improve their operational efficiencies and further their mission

Nonprofit organizations come in all shapes and sizes and, collectively, depend on a wide variety of funding and operational models. Perhaps most familiar are charities that rely primarily upon donations to support their missions and their internal operations. Even within this category of nonprofits, however, the donors can range from large numbers of individuals to a handful of individual corporate benefactors, or any combination of the two. Other nonprofits raise funds from services offered to paying members or from sales of products, while some are heavily dependent

upon government grants, be they local, state or federal.

Whatever the variations on the theme, nonprofit organizations must carefully track and manage their funds – and the sources of those funds – while they attempt to accomplish their missions as effectively and efficiently as possible. These organizations face many of the same operational challenges and requirements common to for-profit commercial enterprises, and may have to meet even more daunting regulatory and reporting requirements.

Nonprofits Balance Business Operations with Mission Requirements

Despite their special tax-classification status, nonprofit organizations are fundamentally like any business when it comes to core operational departments, tasks and requirements. At the same time, many nonprofits engage in non-commercial operations such as fund-raising and the tracking of clients that the nonprofits exist to serve.

Among the challenges nonprofits face:

General Business Challenges:

Financial operations: Nonprofit organizations must manage budgets, track funding levels and sources, balance the books and pay employees. Those selling products and/or services must handle credit card transactions and comply with PCI and other regulations. Organizations operating internationally must deal with multicurrency conversions, consolidated rollups and varied tax requirements.

IT operations: Whether done in-house or with outside contractors, nonprofits must manage and maintain databases, support on-site and remote workers, and provide other IT services.

Reporting requirements: Nonprofits must be able to generate needed reports for both internal and external consumption, and must have consistent and accurate data on which to base these reports.

Unique Nonprofit Challenges:

Donor management: Many nonprofits are heavily or fully dependent on donors for their funding, so must manage donor relationships, increase their lifetime value and add to their numbers.

Fund management: Nonprofits may get funding from general donations, restricted donations tied to specific projects or geographies, government grants, Medicare funding, and any number of other sources. Many organizations have blended funding models combining several of these sources and all must be closely managed and reported.

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KPIs That Matter

Given that they share many of the same operations and needs familiar to for-profit companies, it isn't surprising that nonprofits share some of their strategies and solutions. That includes investing in cloud applications because of their low upfront costs and faster time to deployment, their highly efficient and flexible functionality and their low IT demands. Given the combination of standard business operations and unique nonprofit demands, these organizations can benefit greatly from a multifaceted suite that integrates many functions on top of a shared-data foundation. Many nonprofit organizations have adopted NetSuite's cloud-based business solutions, and

have subsequently been able to measure and improve their key performance indicators (KPIs).

By interviewing and surveying representative NetSuite customers in the nonprofit sector, market research firm SL Associates identified which KPIs these organizations track as well as the improvements they've realized by basing their core operations on NetSuite's multifaceted business suite.

Deploying the common NetSuite platform as the foundation for their core business processes generated a range of impressive KPI improvements, as illustrated in **Figure 1**.

Figure 1: Typical Nonprofit Organization KPI Improvements

Category	KPI	Results
Operations Visibility	360° Visibility & Actionable Insights	Increased 70% - 90%
	Reporting Time and Resources	Reduction 70% - 85%
Financial Management	Time to Close Financial Books	Reduced 50% - 70%
	Audit Completion Time	Reduced 30% - 45%
	Time Required for Compliance Support	Decreased 30% - 50%
	Billing Efficiency	Improved 15% - 25%
	Order Processing Efficiency and Costs	Improved 40% - 60%
	Accounting Staff Productivity	Increased 25% - 45%
Nonprofit Mission Performance	Program Revenue Leakage	Reduced 10% - 20%
	Cost of Servicing the Mission	Reduced 35% - 50%
	Number of Donors and Grant Per Donor	Increased 50% - 100%
IT Management and Resources	IT Support Resource Costs	Reduction 25% - 50%
	Cost to Purchase and Maintain Servers	Reduction 100%
	Business Continuity/Disaster Recovery Costs	Reduction 35% - 55%

Source: SL Associates, 2014

Conclusion

The different types of KPIs shown in Figure 1 represent just some of the business processes and measurements that can help nonprofit organizations determine how well they're performing. Many of the improvements shown spring from the breadth and ease of use of the NetSuite business solutions suite, and its delivery as a cloud-based service.

Finding a business solution suite sold as a cloud-based service has become a highly desired, and increasingly required, purchasing consideration. After all, cloud vendors take responsibility for managing, updating and securing the solutions that run in the cloud.

NetSuite provides a system that manages each project from inception

We're much better informed as a management team, and have a much better pulse of the company because of NetSuite

Having a reputable cloud provider handle these and other critical business processes frees companies from performing these tasks, which are often outside of their areas of core competency. And, as shown by the following examples of representative NetSuite customers, having a comprehensive and fully integrated business solution suite foundation on which to conduct a wide range of business operations can greatly improve the efficiency and effectiveness of many KPIs that are critical to a wide range of nonprofit organizations.

For additional information about NetSuite's cloud-based solutions, visit the company's website at www.netsuite.com.

NetSuite Customer Experiences

Imagine!

Established in 1963 as Colorado's first "community-centered board (CCB), Imagine! serves as a single point of entry in local, state and federally funded programs for people with developmental disabilities. With just under 600 employees, including six IT people, Imagine! works with about 170 different service providers and provides a range of services including educational and therapeutic services, job training and placement, community living opportunities and support for families, among others. The organization had an operating budget of \$31 million in 2013, with about 70 percent of that funding coming from Medicaid.

Imagine! started using NetSuite's CRM functionality in 2002 and started using the financial elements of the suite in 2007. "We needed a better HR system and better access for outside workers and customers," according to the organization's director of information technology. Imagine!, which previously used Microsoft's Great Plains Dynamics for accounting, CaseTrakker CRM software and third-party reporting tools, also wanted to make its operations more efficient. "It wasn't a requirement to get a single integrated platform, but I was looking for a cloud-based solution at the time," says the IT director.

The ability to access NetSuite's cloud-based system from any location is one of the top benefits the organization has seen. Another big benefit is the ease of customizing the NetSuite solution. Because Imagine! is, in essence, a healthcare organization, it

needed to set up custom fields to keep track of clients, to do incident reporting, to store case notes and to do other specialized tasks. "We do 97% of the customization ourselves, in-house," says the IT director.

Since fully deploying NetSuite, Imagine! has cut its monthly financial close time in half, from about 40 days to 20 days. The business suite also helps the organization respond to requests for information from its government funders, trade organizations and others. "Thanks to NetSuite, we have a very clear picture of what our service areas are and can give comprehensive responses to the questions we receive," says the IT director.

All told, he estimates, "NetSuite probably saves us at least 1 percent of our \$31 million budget, in part because we haven't needed to add FTEs as quickly as we might have had to do with other solutions."

NetSuite has also helped Imagine! expand the range of services it offers. One example is an Autism Spectrum Disorder program that supports 60 children who don't qualify for services under Colorado state's definition of autism. Clients can find and purchase occupational therapy, physical therapy, speech therapy and other services using the program's NetSuite-based ecommerce website. "We couldn't have offered this program before we deployed NetSuite," says the IT director.

Imagine! helps fill the gaps in other ways for individuals for whom the state doesn't have enough money to support. "We contract out services such as residential settings and group homes, for instance," says the IT director. "Our department knows the total population in every county and how many we're serving. All that is tracked in NetSuite, which serves as a very good case management tool."

"NetSuite probably saves us at least 1 percent of our \$31 million budget,"
— Director of Information Technology

NetSuite Customer Experiences

The Institute of HeartMath

A nonprofit research and education organization, the Institute of HeartMath (IHM), provides tools, technology and training to help people reduce stress, self-regulate emotions and build the energy and resilience needed to lead healthy lives. IHM gets its annual funding of about \$2 million from a blended model that includes donations and membership fees (about 15-20 percent of its total), grants and fees for services. IHM (heartmath.org) also licenses some of its technology to a for-profit sister organization, heartmath.com.

IHM has just 20 employees and no fulltime IT staff. About eight years ago, the organization was struggling to integrate and coordinate a server-based accounting system (Sage's MAS 90) with its web store and a number of different databases that it maintained. "Nothing talked to everything, and it was very challenging to get current financial information," according to IHM's chief financial officer. "We had too many components, and it was an API kludge."

In its effort to bring all of its core operations into one integrated system, IHM deployed the NetSuite business solutions suite in 2007. The organization wasn't looking specifically for a cloud-based solution, but has come to appreciate that aspect of NetSuite. "I can access NetSuite from my iPad or my phone from anywhere," says the CFO, "so I always know exactly what's going on."

"I can access NetSuite from my iPad or my phone from anywhere,"
— Chief Financial Officer

"NetSuite is affordable and pulls everything together; we should be spending our time and money on our mission,"

— Chief Financial Officer

The integrated NetSuite solution has kept pace with IHM's operations as its main database of donors and members has grown from about 25,000 to 130,000 and as the organization launched a Global Coherence Initiative that now has about 50,000 people in its database. Despite this growth, IHM hasn't needed to hire any IT people and the organization is benefiting from "a huge time savings" when pulling information together. It is able to generate some reports three times faster than it could under its old systems, says the CFO, and can create other reports that simply weren't possible before.

"We're much better informed as a management team, and have a much better pulse of the company because of NetSuite," he says.

Thanks to its efficiencies, NetSuite has lowered IHM's cost of serving its mission, according to the CFO. For example, he says, the organization is able to handle its order processing with just one fulltime person, whereas it would need two fulltime employees handling this task if not for NetSuite's automation.

The CFO admits that there are some attractions to a best-of-breed approach when buying software to support different business operations, but says you need lots of money to integrate and manage the disparate elements. "NetSuite is affordable and pulls everything together," he says. "We should be spending our time and money on our mission."

NetSuite Customer Experiences

Foundation Center

The Foundation Center serves as the leading source about sources of philanthropy worldwide and maintains a comprehensive database – Foundation Directory Online (FDO) – containing information about more than 108,000 foundations, corporate donors and grant-making public charities. Subscriptions to the FDO generate about \$7 million of the organization’s annual \$30 million budget, which also depends on regional donations and special projects the Foundation Center executes.

With about 160 employees, five physical offices and partners in 50 states and 17 countries, the Foundation Center first turned to NetSuite to create a web-based storefront to manage its service sales and credit card transactions. “Over time, we realized NetSuite had a tremendous wealth of other resources,” says the Foundation Center’s vice president of finance and administration. “In the fall of 2013, we went full board into its CRM, financial and reporting services.”

The organization had been using Macola, a mainframe-based order processing and financial system and would just do a data dump into that system and then key information into Excel for reports. “By doing our reports in NetSuite, we’re saving two weeks on a quarterly basis,” according to the finance and administration chief.

NetSuite also lets the Foundation Center track metrics such as the lifetime value of a customer and other KPIs that it simply couldn’t measure before. And, as the organization brings more elements of NetSuite online, it is seeing additional benefits. The Foundation Center is saving about 20 percent on the cost of billing, estimates the VP of finance and administration, and its more efficient operations and 360-degree view of its customers may be responsible for as much as a 15 percent increase in donations.

Healing Waters International

Nonprofit Healing Waters International was founded in 2002 by a couple doing missionary work in the Dominican Republic. The small organization developed a water treatment system and worked with local churches to bring clean water to the residents of their communities. Despite having just six full-time employees at its Golden, Colorado, headquarters, Healing Waters runs subsidiary offices in the Dominican Republic, Mexico and Guatemala.

The organization found that the QuickBooks financial software it was using couldn’t handle all of its inventory, multi-currency and project management demands. It also needed to ensure that restricted donations for specific projects would be properly spent. “We needed a system that could manage each project from inception, when the first funds come in, through project completion, inauguration and the eventual hand over to the community,” explains Healing Waters’ chief financial officer. NetSuite OneWorld gave the organization the capabilities it needed.

With no internal IT staff, Healing Waters appreciates the fact that “NetSuite doesn’t require the kind of support that a typical IT staff would provide,” says the CFO. “NetSuite is just out there, and you can count on it to be operating all the time.”

The internationally dispersed Healing Waters takes advantage of NetSuite OneWorld’s ability to handle multiple currencies, to do real-time consolidation and to be accessed from any location. The financial elements of NetSuite make for faster closing times and easier annual audits, says the CFO. Also important to Healing Waters is the ease of moving into new territories. “NetSuite minimizes the difficulty of setting up a new subsidiary,” he says.

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