Identify the Hidden Costs of Nonprofit Technology with Total Cost of Ownership

StratusLIVE

The nonprofit technology selection process is time-intensive and expensive. Your staff spends a significant amount of time identifying requirements and evaluating software vendors – not to mention the hard costs associated with purchasing and implementing a new system. Due to the significance of this investment, it is critical that you identify all costs associated with this purchase – even those not included on a line item.

So, how do you identify these costs? Through calculating the total cost of ownership.

What is the total cost of ownership (TCO)?

The total cost of ownership includes all costs associated with a technology purchase – including those hidden costs maybe not initially considered in the selection process.

For example, let's say your organization purchased an online engagement platform that facilitates online giving via your website. In order for the system to seamlessly integrate with your organization's content management system (CMS), you hired an outside developer. This unforeseen cost was not included in the overall project budget.

Consider these cost categories to calculate TCO:

• **IT staff time –** After implementation, will your internal IT staff have to provide support or system maintenance? If you do not have an in-house IT team, this may need to be outsourced for an additional expense.

• **Support–** Is support (phone, email, chat) included, or is this a separate package or cost?

• **Software subscription –** What is the subscription length? Is it an annual fee? Are licensing fees included, or is this a separate cost?

• **Training –** Is training required for your IT staff? How will the vendor train your end users (videos, webinars, or documentation)? How will the vendor conduct training for new staff members? Is training outsourced to a third-party vendor or consultant?

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• **Implementation** – Will the software vendor implement your system, or will implementation be outsourced to a third party for an additional fee?

• Remember to include compute, storage, and usage fees within your software subscription.

Reasons to consider total cost of ownership

When purchasing a technology platform, most nonprofits identify the cost of the system itself and fail to consider training, support, and other recurring costs. If these elements are ignored, your user adoption may suffer, or the platform may crumble due to a lack of maintenance.

By identifying the total cost of ownership, your organization accurately compares all software vendors apples to apples. You will create a more realistic budget for the entirety of the project from selection to implementation and on-going support. Ultimately, you will ensure a successful technology initiative.

The Total Value of Ownership (TVO):

The opposite of total cost of ownership is the total value of ownership (TVO). Whereas TCO identifies hidden costs, TVO identifies hidden benefits of a technology investment.

Consider these categories to calculate TVO:

• **Benefit to donors and constituents** - Your nonprofit organization exists due to the generosity of your donors to serve your constituents. A modern technology system provides your donors ease-of-use; this usability influences further engagement with your organization that directly impacts your mission.

• **Internal staff productivity** – Consider the manual or cumbersome tasks your teams conduct now. How will the implementation of a new system eliminate or lessen some of these tasks? For example, if online gifts integrate directly within your CRM, your gift processing team no longer needs to spend time uploading these gifts into your database.

• **IT productivity** – A modern technology solution will free your IT staff's time to focus on more high value work such as driving efficient operations versus integrating messy point solutions or providing support to internal staff.

• **Training** - With a user-friendly tool built on a familiar database (such as Microsoft), the cost to train your team may decrease. You may also realize higher user adoption rates.
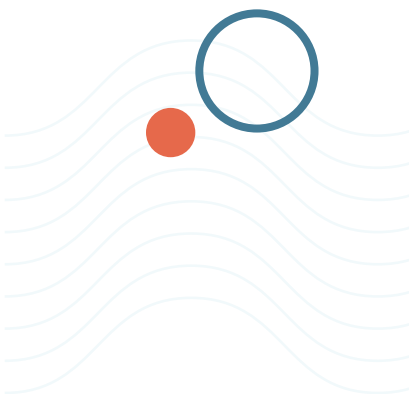
A Nonprofit Industry Cloud Solution offers additional benefits to those listed above:

• **Elimination of point solutions** - By utilizing one tool for all donor management and engagement functions, your organization realizes a financial gain by eliminating supplementary software tools.

• **Enhanced security** – StratusLIVE 365 is built upon the powerful Microsoft Dynamics platform. This ensures your organization leverages the security measures Microsoft employs in addition to additional layers provided by StratusLIVE including comprehensive, secure hosting.

• **Reduced consumption and utilization costs** – These costs are fixed within the total subscription cost. This eliminates any monthly cost fluctuations associated with compute, storage, and usage.

GAINS FROM MOVING TO AN INTEGRATED NONPROFIT CLOUD SOLUTION

1 **SECURITY GAIN**

Comprehensive, secure hosting

4 **STAFF UTILIZATION GAIN**

Efficient utilization of staff time versus performing data import/ export between disparate solutions

2 **TECHNOLOGY GAIN**

Leverage Microsoft O365 integration and $25 billion investment in research and development

5 **BUDGET GAIN**

No surprise extra fees such as consumption or storage fees

3 **FINANCIAL GAIN**

Cost offsets provided by a consolidated solution eliminating point solutions and no longer wasting funds investing in proprietary systems that lack innovation

6 **REDUNDANCY GAIN**

Eliminate redundancy in asset management, A/P, invoice processing and payment

The total cost and value of ownership calculation is an abstract process. However, by taking these additional cost factors into consideration, your organization ensures that your new technology investment will generate a long-term benefit.

The **StratusLIVE Nonprofit Industry Cloud** is an integrated, enterprise-class solution for the modern, digital nonprofit and includes CRM Fundraising and Engagement, Mission Delivery through Programs and Partners, a comprehensive Online Giving Suite, an Online CSR solution for Corporate Engagement, and a personalized application for donors.

Visit stratuslive.com to learn more.

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