

# Building a Future Ready Nonprofit

A Strategic Approach to Technology and Automation

FEBRUARY 20, 2024

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# Our Agenda Today

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# With You Today



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# Nonprofit Industry Trends



# 2023 Nonprofit Industry Top Trends & Priorities



Expanding or Shifting  
Scope of Mission

2022 Benchmark: 38%

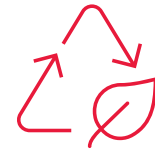
2023: 



Selecting & Implementing  
New ERP & HRIS

2022 Benchmark: 18%

2023: 



Need for Information  
on ESG Strategy

2022 Benchmark: 28%

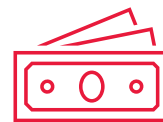
2023: 



Digital  
Transformation

2022 Benchmark: 18%

2023: 



Cost Reduction  
Initiatives

2022 Benchmark: < ~10%

2023: 



Seeking New Sources of  
Revenue & Funding

2022 Benchmark: 75%

2023: 



# BDO 2023 Nonprofit Benchmarking Survey

## INVESTMENT IN TECHNOLOGY

**59%**

of nonprofits say they are increasing technology spending

**23%**

say they are increasing technology spending significantly

Regarding specific technology, enterprise resource planning (ERP) is a focus

**57%**

of nonprofits plan to select and/or implement a new ERP system in the next 12 months

Of the nonprofits that are planning to select a new ERP system, they say their top reason is ease of use



Ease of use

50%



Improve automation

48%



Better value and cost

47%



Enhanced functional and technical capabilities

45%



Migrate to cloud-based system

44%



Enhanced cybersecurity capabilities

42%



Mobile application

37%



Vendor profile and nonprofit footprint

34%

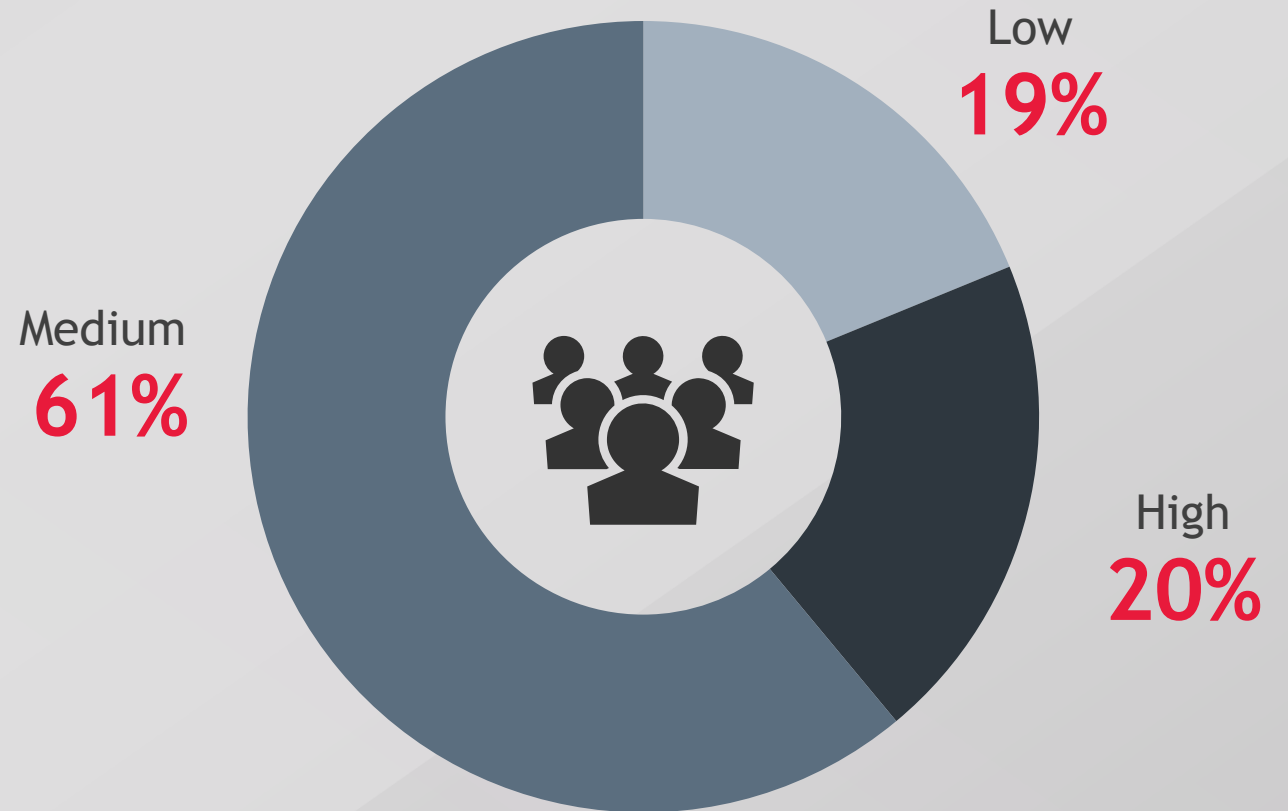


Current system is sunsetting

33%

QUESTION

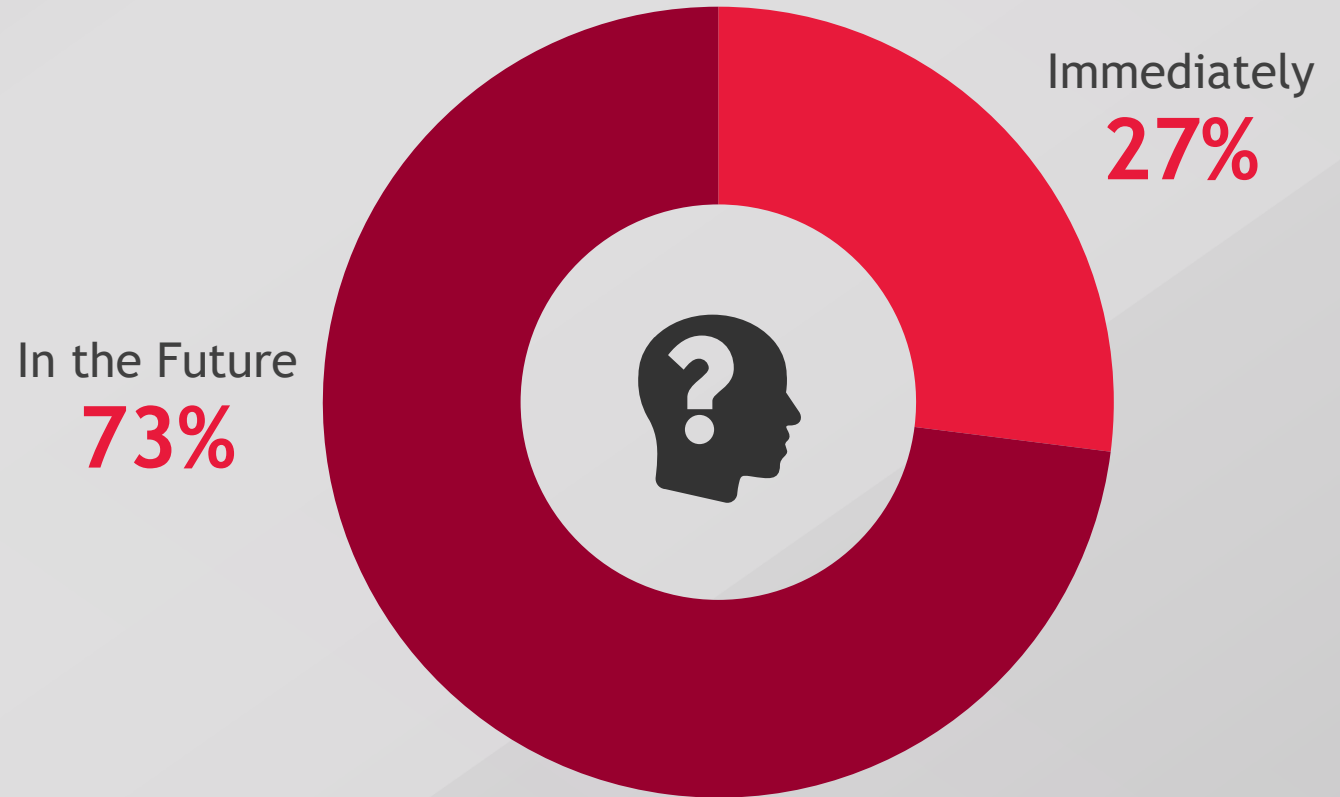
**Level of Satisfaction  
with Current ERP &  
Accounting System**



BASED ON BDO'S 806 WEBINAR RESPONDENTS IN 2022

QUESTION

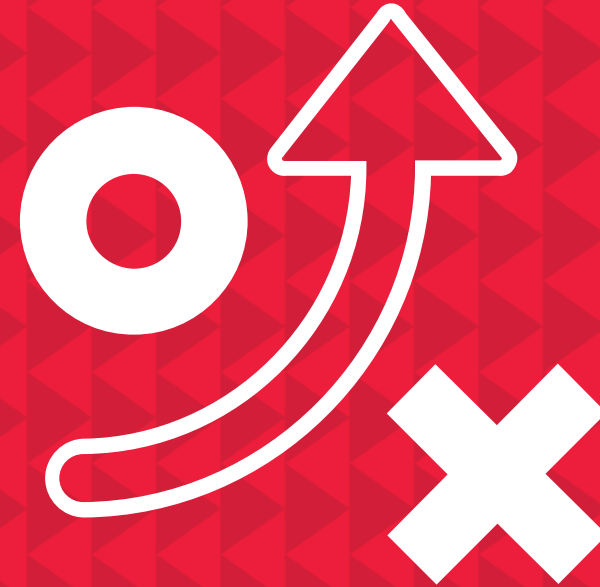
Are You Currently Looking to Select a New ERP or Accounting System?



BASED ON BDO'S 806 WEBINAR RESPONDENTS IN 2022

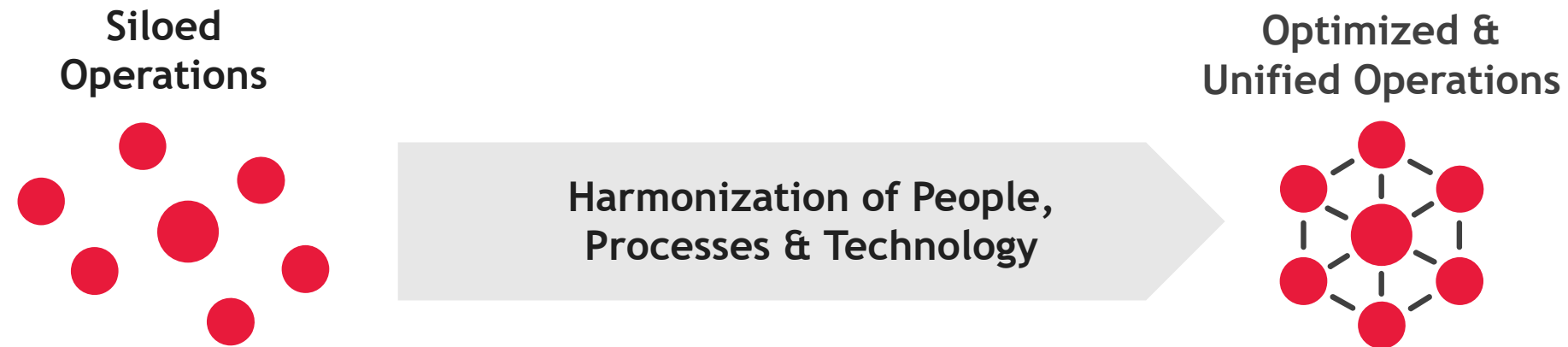


# Future Ready Framework

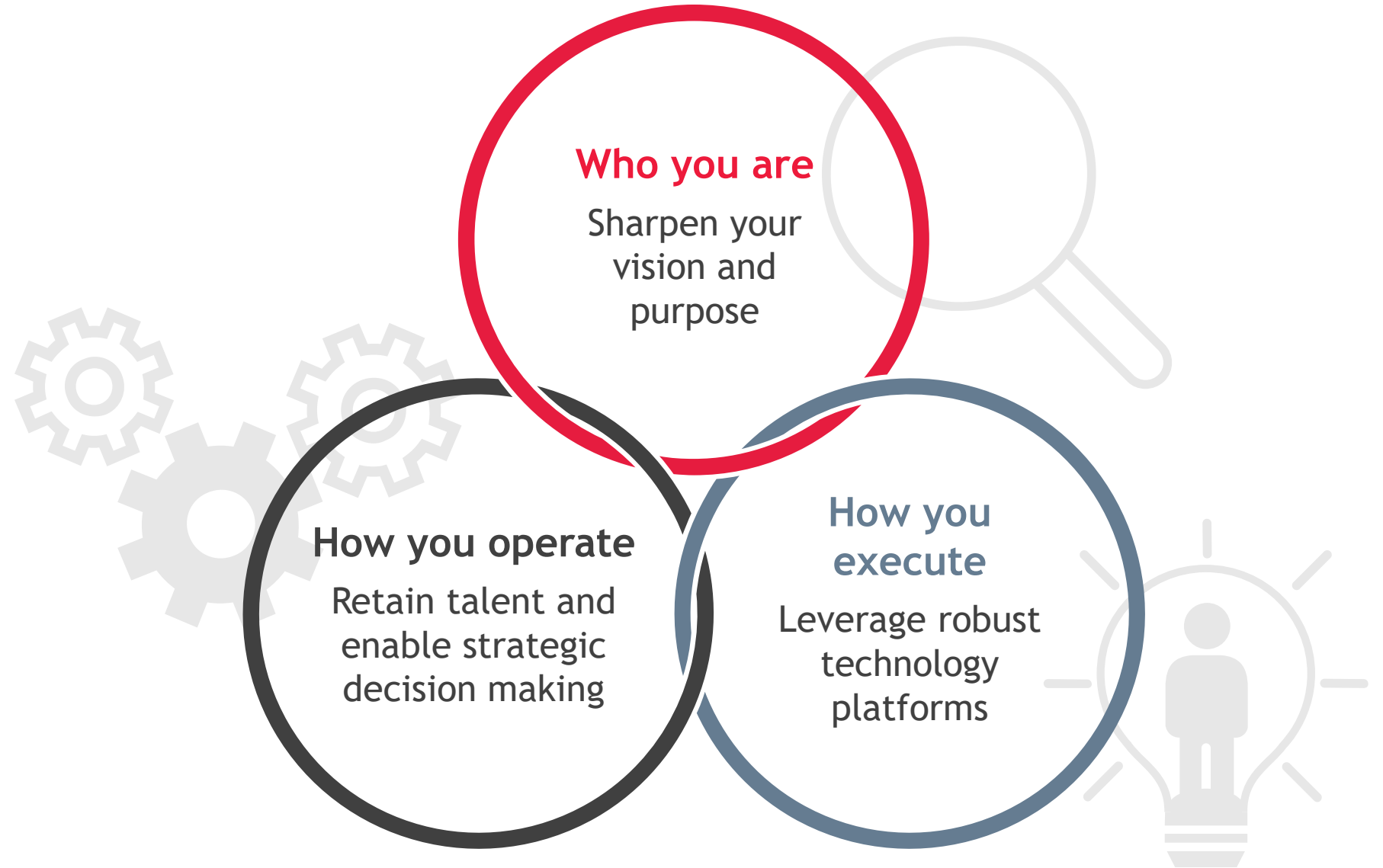


# What Does It Mean to Be Future Ready?

- ▶ The preparedness of an organization to enhance its ability to remain competitive, resilient, and efficient through technology modernization.
- ▶ An intentional effort initiated and led by leadership to create synergies between people, processes and technology across the organization to achieve greater automation and resiliency in an optimized environment enabling unification of data, workflows, and reporting.



# A Future Ready Framework



# Typical Challenges When Implementing a Future Ready Foundation



Culture



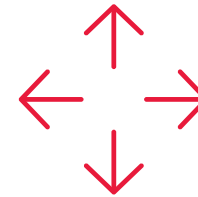
Resistance to Change



Unclear Vision

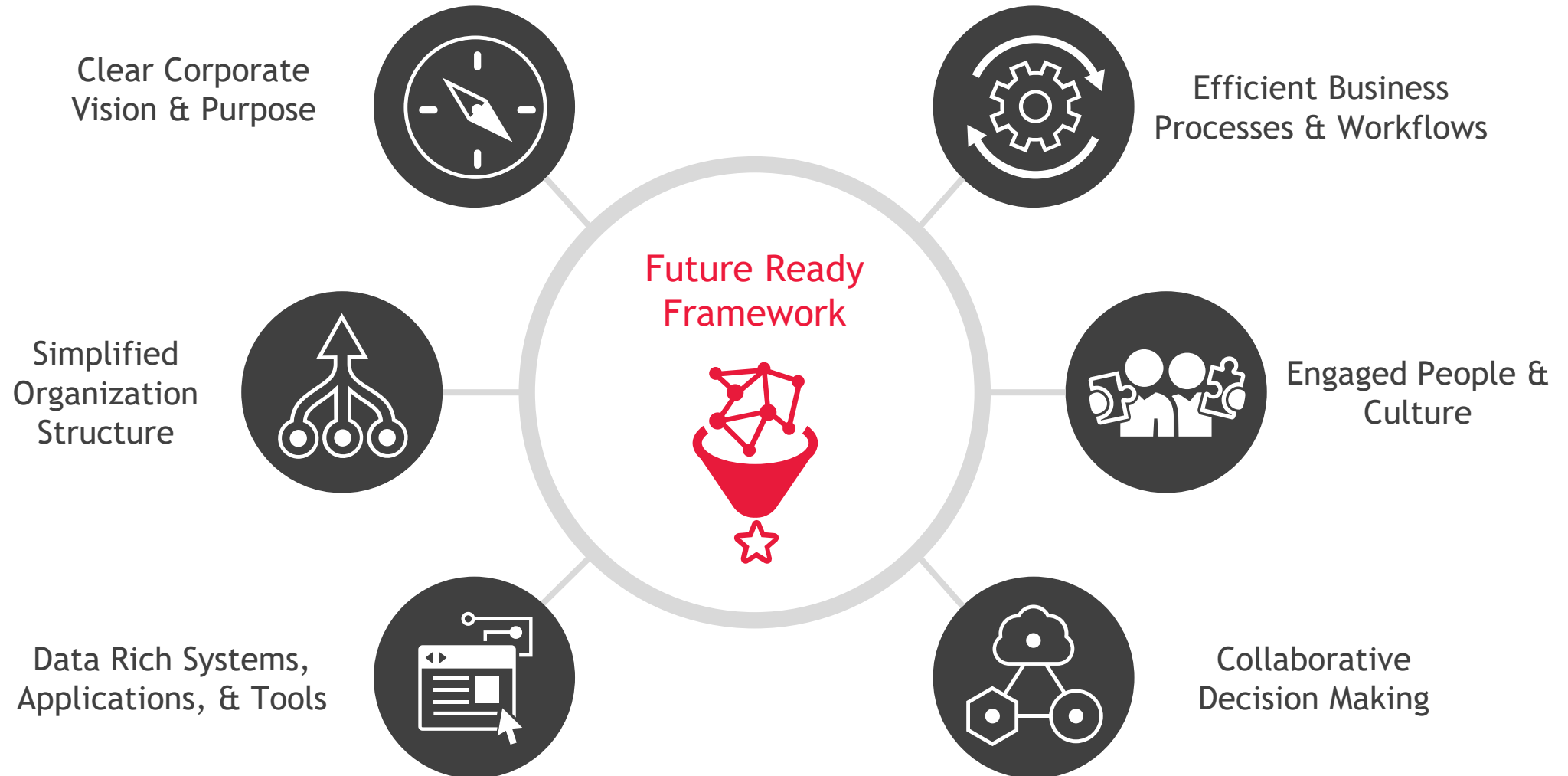


No Bandwidth



External Factors

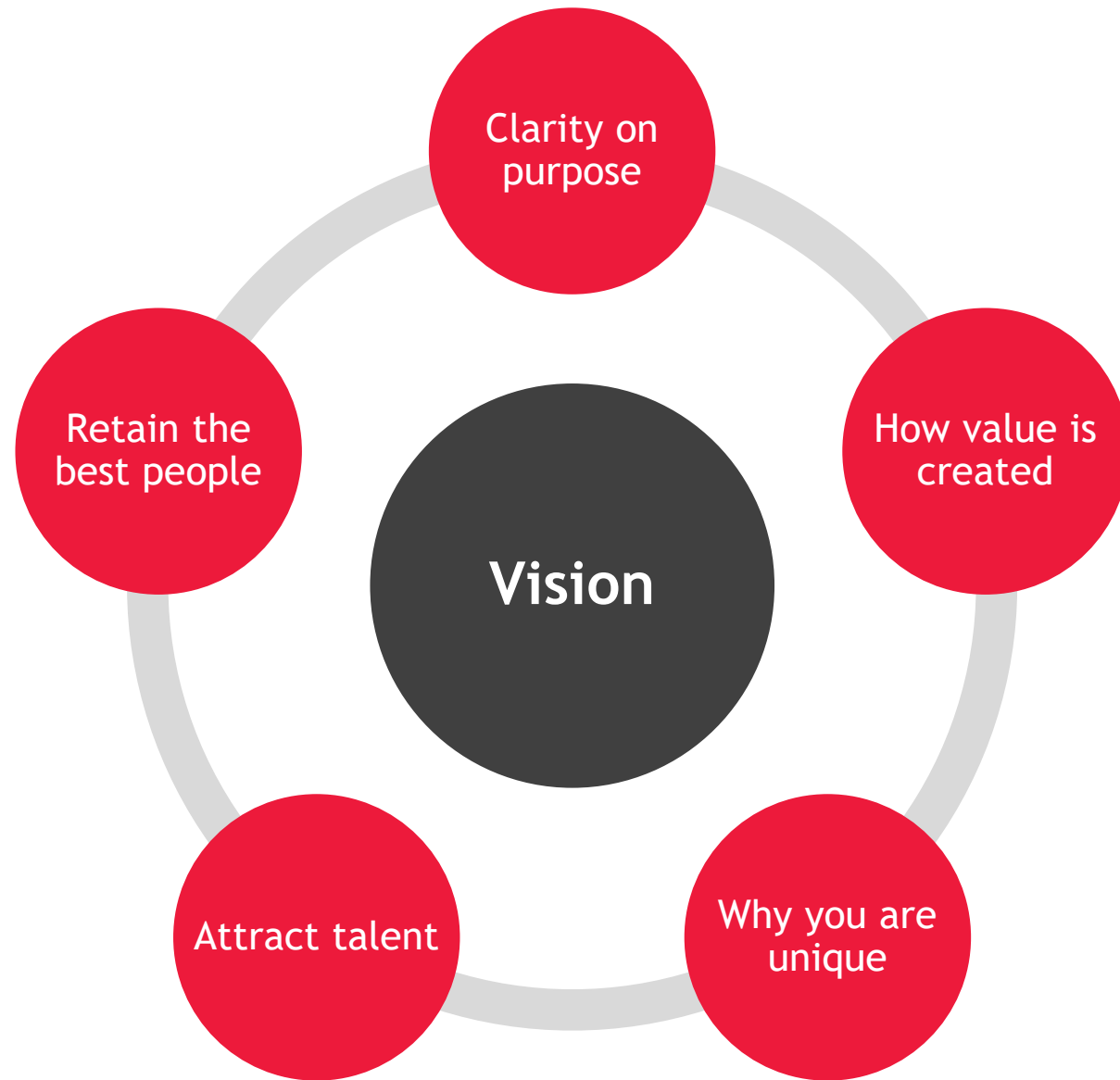
# A Future Ready Framework Encompasses



# Who You Are



## Future Ready Organizations Are Clear on Their Vision





# Sharpening Your Vision and Purpose

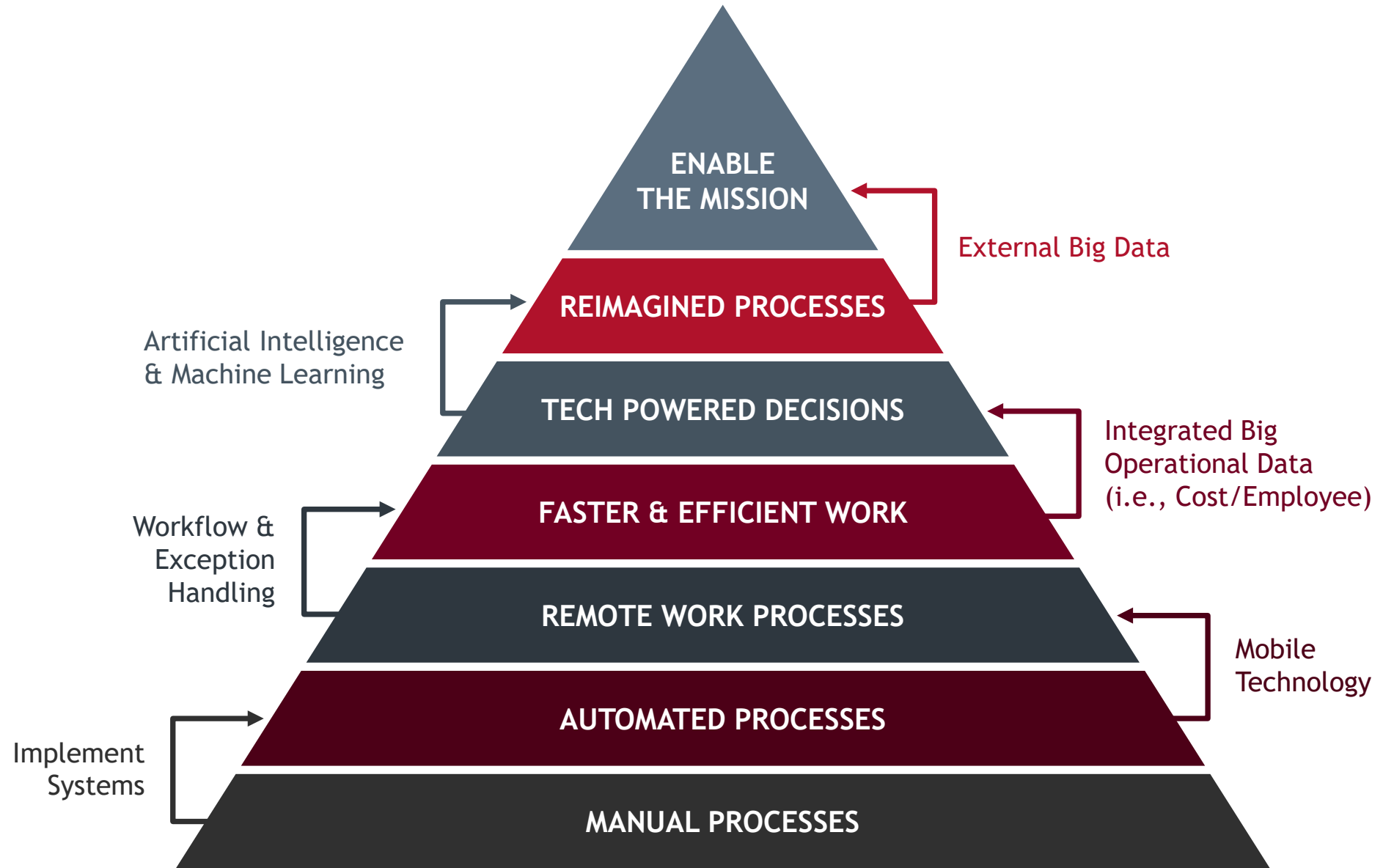
Future ready organizations recognize that purpose helps attract people to join the organization, remain there, and thrive.

- ▶ Employees define their work by how it adds value to society and contribute to the organization's mission
- ▶ Stakeholders are more engaged when their energy is channeled to purpose
- ▶ Employees should be allocated to high-value initiatives
- ▶ Organizations require innovative leadership and new approaches to moments that matter



# Mission Driven Automation

IN STAGES,  
STEP-BY-STEP



# How You Operate



# Future Ready Organizations Are Prepared to Make Decisions



# Collaborating to Make Decisions

Future ready nonprofits allocate decisions to the right executives, teams, or individuals. Decisions should be delegated to give employees accountability for decisions they are equipped, and best placed, to make.

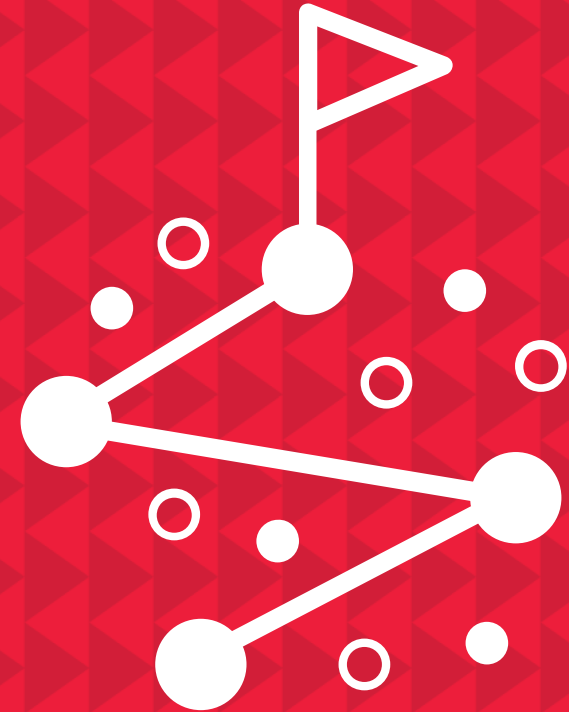
	PEOPLE AND CULTURE	FINANCE	GRANTS MANAGEMENT	FUNDRAISING	PROGRAM MANAGEMENT	IT
Description	P&C staff are involved with end-to-end employee lifecycle	Accounting staff are involved with reconciling, reporting and budgeting.	Staff involved in ensuring grant workflows are completed according to requirements, from either a grantmaker or grantseeker perspective.	Development staff charged with fundraising for the organization.	Organizational staff involved with program and delivery to execute the mission.	Technical staff who are tasked with project planning, execution, and eventual system maintenance.
Examples	<ul style="list-style-type: none"> <li>▶ CHRO</li> <li>▶ CDO</li> <li>▶ Director of Compensation</li> </ul>	<ul style="list-style-type: none"> <li>▶ CFO</li> <li>▶ Controller</li> <li>▶ Director of Finance</li> </ul>	<ul style="list-style-type: none"> <li>▶ Director of Grants Management</li> <li>▶ Grants Manager</li> </ul>	<ul style="list-style-type: none"> <li>▶ Director of Development</li> <li>▶ VP, Marketing</li> <li>▶ Events Manager</li> </ul>	<ul style="list-style-type: none"> <li>▶ Program Directors</li> <li>▶ Research &amp; Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>▶ CIO /CTO</li> <li>▶ Applications manager</li> <li>▶ Vendor relationship manager(s)</li> </ul>
Value	P&C staff have their eye on the full employee journey from sourcing and recruiting to career management, culture, and retention.	Accounting staff have a deep understanding of compliance requirements such as audits and 990s. They also have a sense of the inputs and outputs for budgeting.	Grants management is heavily involved with the lifecycle of grant and can map key workflows that such be built into the system.	Development and fundraising staff have their finger on the pulse of the organization's incoming or outgoing commitments and cashflows.	Program managers generate transactions in line with the mission and are responsible for outcomes.	IT is likely to be responsible for more in-depth requirements gathering. IT possesses critical knowledge around system compatibility, integration, and data.

# Intersection of People & Innovation

- ▶ Future ready organizations promote continuous learning that supports employees to adapt to meet shifting needs
- ▶ Employees are most likely to know the most significant challenges in their work and how technology and automation may be able to help
- ▶ Misaligned technology can limit employee productivity and learning
- ▶ Innovation can simplify and automate tasks allowing employees to focus on mission-driven activities

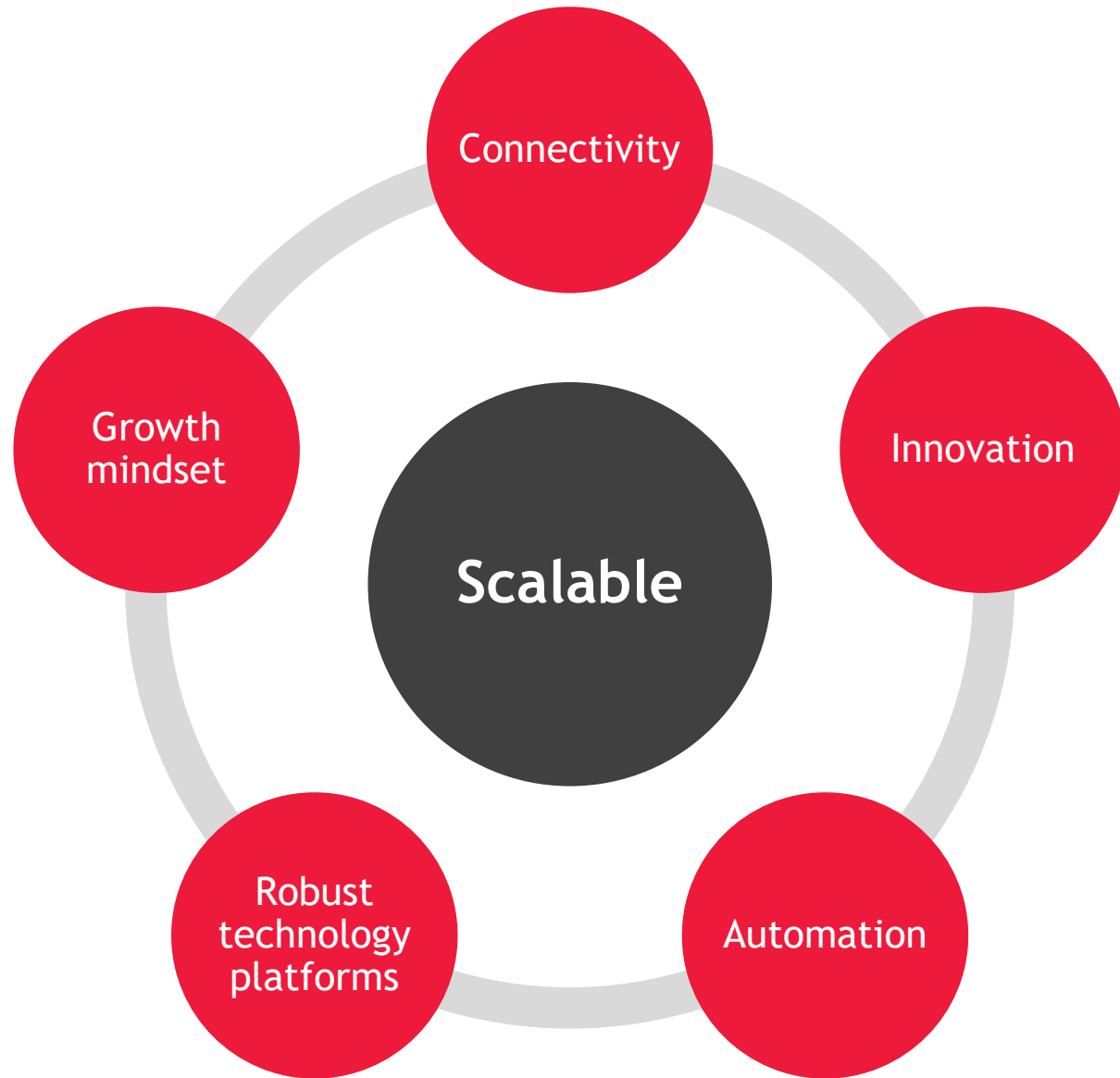


# How You Execute





# Future Ready Organizations Have the Foundation to Scale

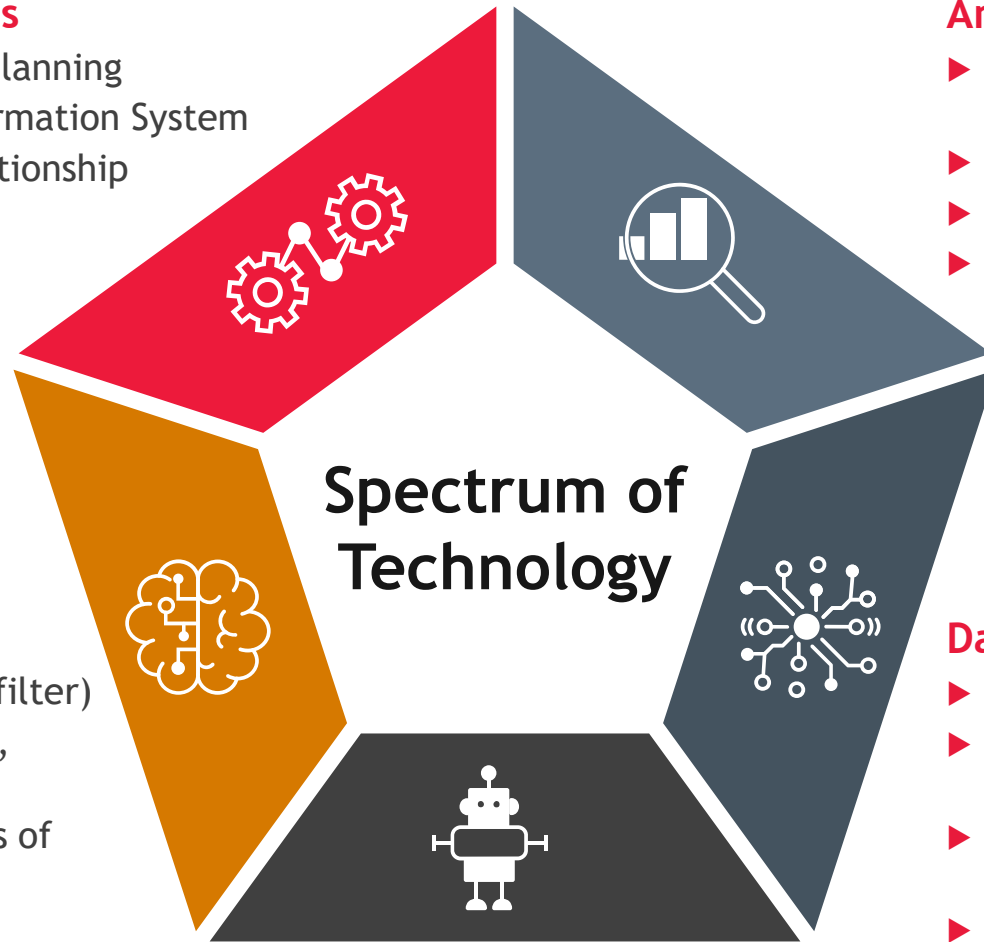


## Transactional Systems

- ▶ Enterprise Resource Planning
- ▶ Human Resource Information System
- ▶ Donor/Customer Relationship Management
- ▶ Projects & Grants Management
- ▶ Expense Management
- ▶ Blockchain

## Artificial Intelligence

- ▶ Reactive (e.g., spam filter)
- ▶ Limited Memory (e.g., Generative)
- ▶ Theory of Mind (needs of others)
- ▶ Self-aware



## Spectrum of Technology

## Analysis & Reporting

- ▶ Data Extraction & Transformation
- ▶ Built-in Reporting
- ▶ Enterprise Reporting Tools
- ▶ BI & Dashboards

## Data Integration

- ▶ Data Warehouses
- ▶ Integration Platform as Services (iPaaS)
- ▶ Application Programming Interfaces (API)
- ▶ Electronic Data Interchange (EDI)

## Automation

- ▶ Robotic Process Automation
- ▶ Workflow Management
- ▶ Low-code Applications

# Aligning Organizational & Digital Strategies

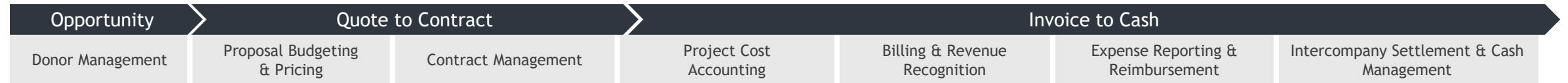


- ▶ When selecting a new technology, it is important to define a clear vision of what is needed from the onset.
- ▶ The key is to make sure your business strategy aligns with your digital strategy.
- ▶ At a high level, your mission drives the business strategy.
- ▶ The business strategy is then supported by set of business processes to achieve your strategic objectives.
- ▶ Business processes are set of activities performed by the people to facilitate strategic objectives.
- ▶ It is very important to have a technology platform, that will enable the you to carry out those business processes in an efficient and effective manner.
- ▶ Some key areas for consideration include:
  - Overall goals for the software
  - Key business processes
  - Essential features and capabilities
  - Willingness to customize
  - Use of cloud and Software as a Service (SaaS) technology
  - Appetite to condense or integrate the current stack of business applications

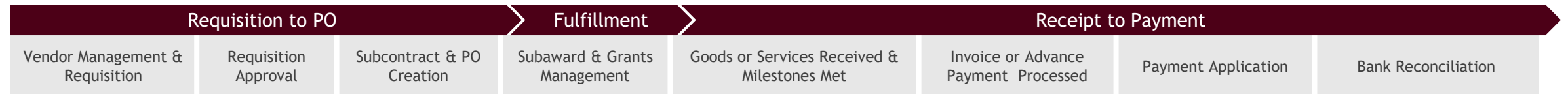
# Where, What, How?

## CONSIDERING END-TO-END PROCESSES

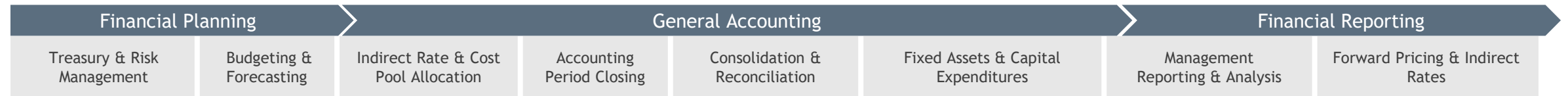
### REVENUE CYCLE - OPPORTUNITY TO CASH



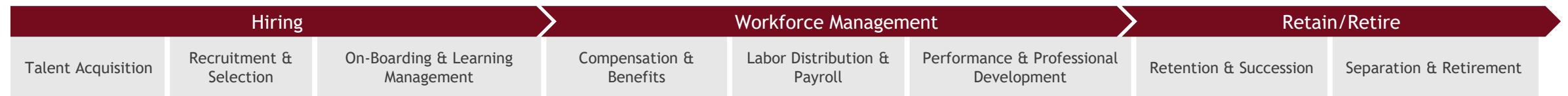
### PAYMENT CYCLE - PROCURE TO PAY



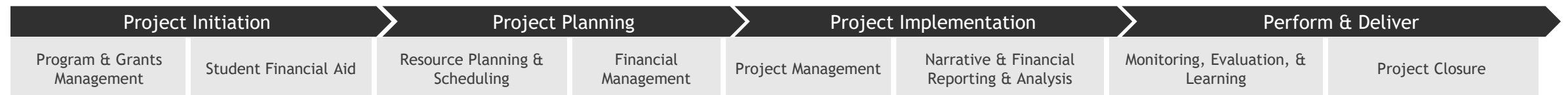
### REPORTING CYCLE - RECORD TO REPORT



### HUMAN CAPITAL CYCLE - HIRE TO RETIRE

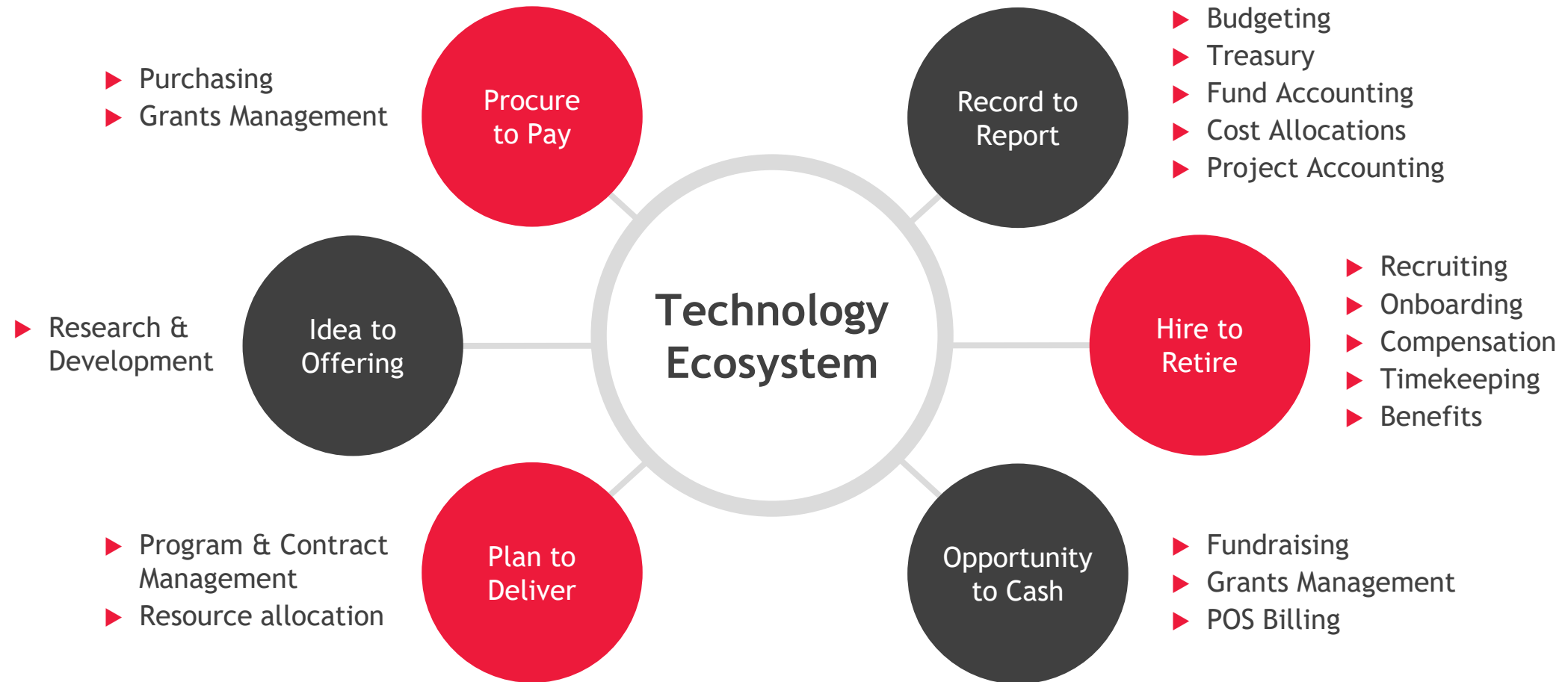


### PROJECT MANAGEMENT CYCLE - PLAN TO PERFORM

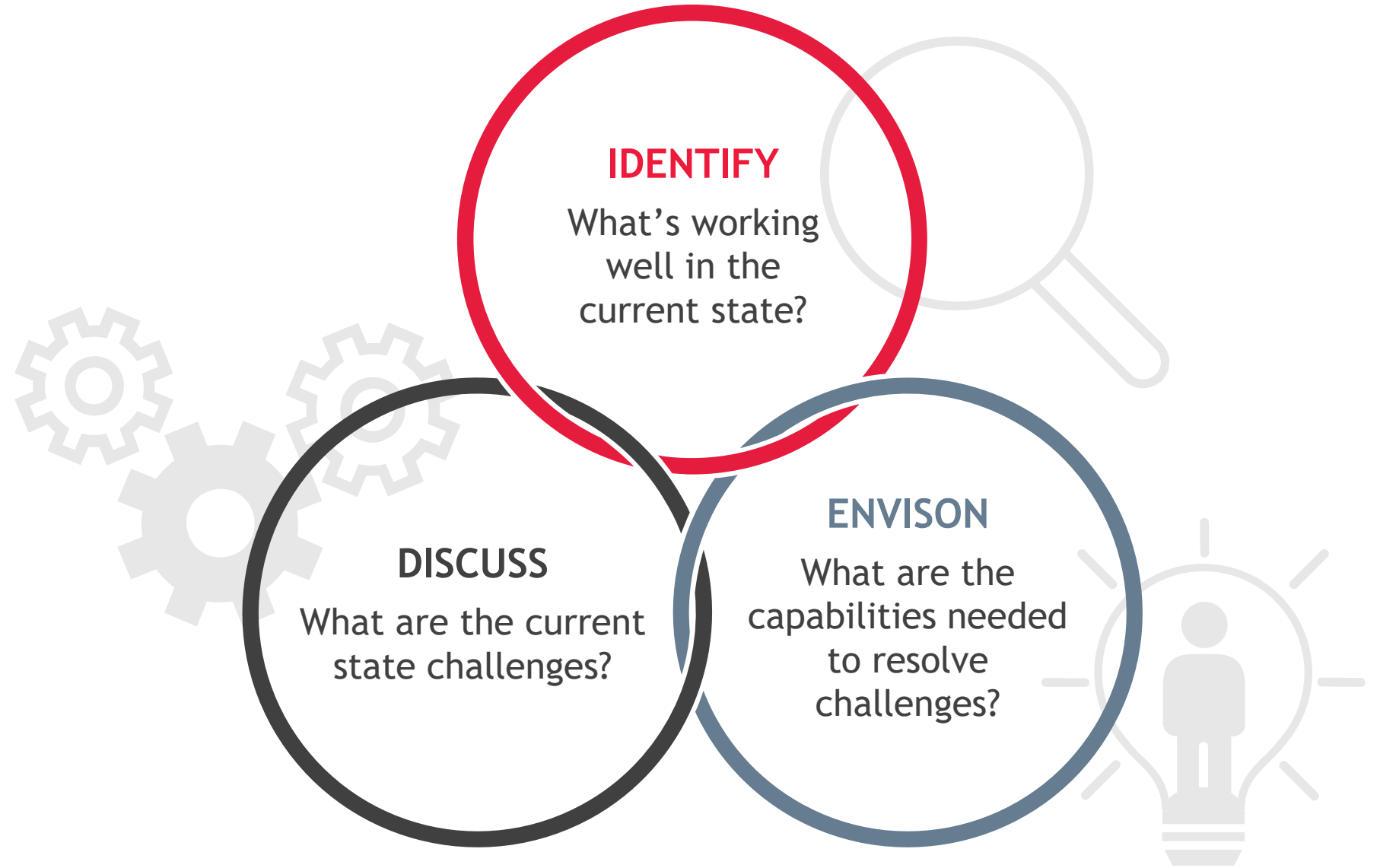


# Assessing Your Technology Ecosystem

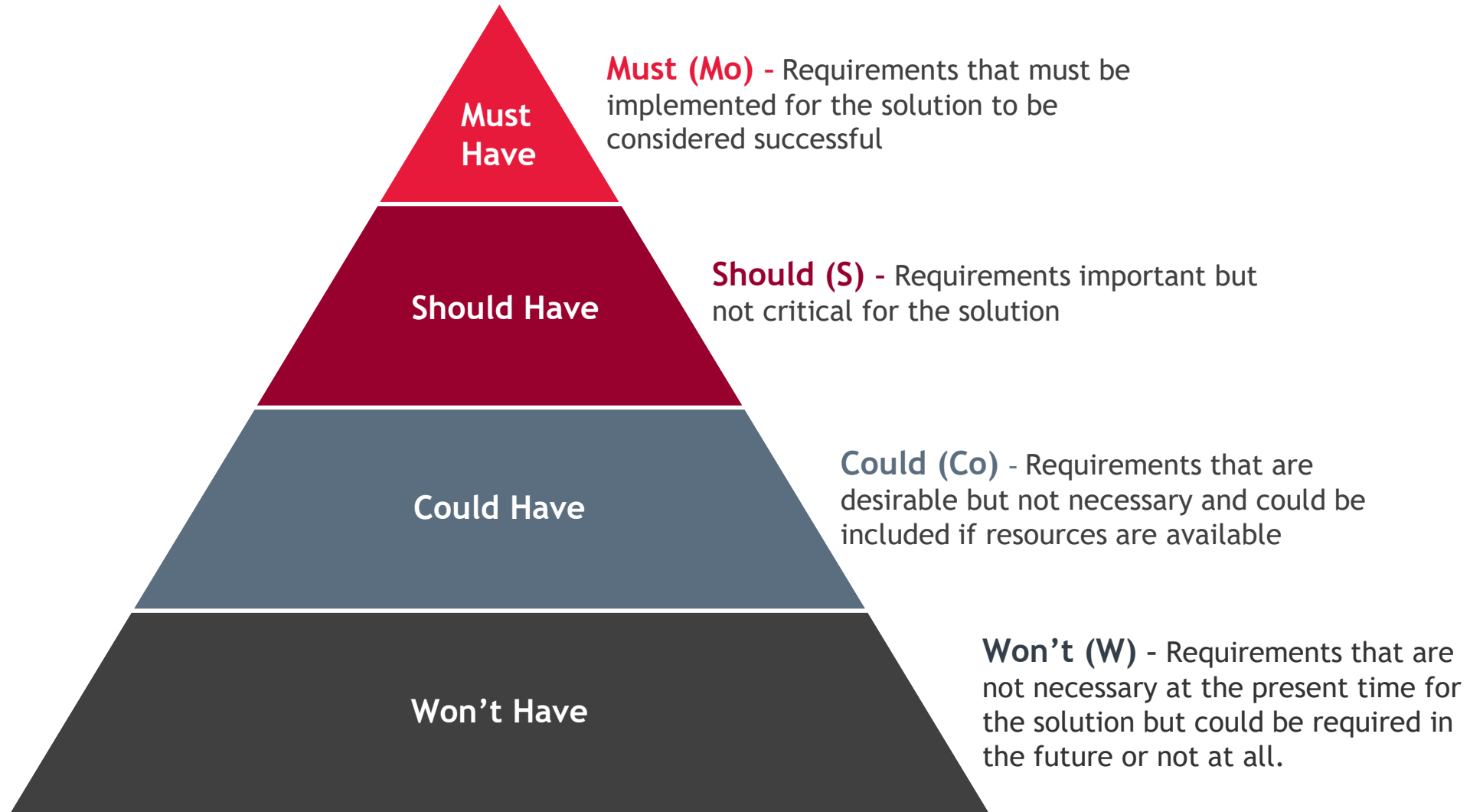
FUTURE READY NONPROFITS LEVERAGE A DATA-RICH TECHNOLOGY ECOSYSTEM



# Defining Requirements



# Prioritizing Requirements



The MoSCoW model was introduced by Dai Clegg of Oracle UK in 1994.



# Nonprofit Opportunities to Innovate and Automate



## GRANTS MANAGEMENT

- ▶ Real time insight to revenue and expenditures
- ▶ Visibility into grant components, terms, conditions, dates, balances to ensure compliance



## CUSTOMER RELATIONSHIP MANAGEMENT

- ▶ Centralized location for donor profiles and management
- ▶ Automated communication to donors and grantors
- ▶ Ease of one time and recurring donations
- ▶ Streamlined workflows and processes for event management



## FINANCIAL MANAGEMENT

- ▶ Elimination of duplicate data entry across supplier and customer invoices and payment processing
- ▶ Improved financial analysis and forward planning with access to real-time, accurate data
- ▶ Increased ability to meet compliance requirements



## HUMAN CAPITAL MANAGEMENT

- ▶ Availability of people analytics to guide decision making and headcount planning
- ▶ Increased visibility to employee skills to enable career development
- ▶ Streamlined hiring process from candidate interview scheduling to background verification and offer management



## BUDGETS & PLANNING

- ▶ Multiyear Grant budgeting
- ▶ Reforecasting
- ▶ Integrated with actuals
- ▶ What-if scenarios
- ▶ Cash flow projections

# Benefits for Future Ready Nonprofits

INNOVATION REQUIRES CLARITY OF VISION, PURPOSE, AND THE BENEFITS IT WILL PROVIDE

## Maximize Mission Impact

Nonprofits improve the lives of the people and communities they serve. Investments in innovation enable strategic planning to deliver on mission sustainability



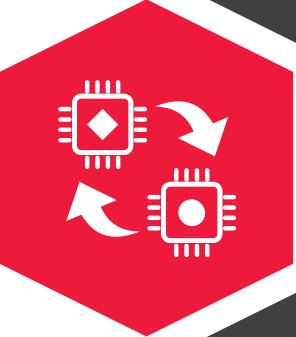
## Empowered People

Investments in technology and automation allow talent to focus on mission driven strategic priorities not administrative tasks



## Integrated Data

Future ready organizations understand that data empowers decisions and the ability to scale



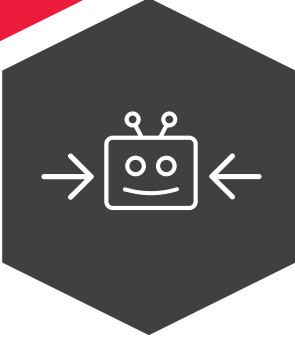
## Single Source of Truth

Elimination of information silos to achieve one holistic source through integrated, consolidated, actual data



## Process Automation

Automated workflows and processes and user-friendly technology enable nonprofits to accomplish meaningful work easier and faster



## Ability to Plan for Future Scenarios

Access to advanced reporting features to aggregate data into customized views and dashboards to effectively forecast and plan as business conditions change




























# Closing & Questions



# BDO Knows...

Organizational structures are sometimes complex leading to challenges capturing the full power of the technology that drives resiliency and efficiency.

Contact us to learn more about how these services can help your organization achieve optimization.

<b>TRANSFORMATION</b> <ul style="list-style-type: none"><li> Digital Transformation</li><li> Business Process Improvement</li><li> Mergers &amp; Acquisitions</li><li> Restructuring</li><li> Benchmarking &amp; KPIs</li></ul>	<b>MODERNIZATION</b> <ul style="list-style-type: none"><li> Software Selection</li><li> System Implementations</li><li> Systems Integration</li><li> Automation (RPA)</li><li> Mobile Solutions</li></ul>	<b>COMPLIANCE</b> <ul style="list-style-type: none"><li> Cybersecurity</li><li> Regulatory Compliance</li><li> Integrated GRC</li><li> Risk Management</li><li> Corporate Governance</li><li> Statutory Reporting</li></ul>
<b>MANAGEMENT</b> <ul style="list-style-type: none"><li> Assurance Services</li><li> Project Management</li><li> Human Capital Management</li></ul>	<b>ADOPTION</b> <ul style="list-style-type: none"><li> Enablement and Adoption</li><li> Communications &amp; Trainings</li><li> Organizational Change Management</li></ul>	<b>ENHANCEMENT</b> <ul style="list-style-type: none"><li> Data Management &amp; Analytics</li><li> Dashboarding &amp; Visualization</li><li> Staff Augmentation Support</li></ul>





## About BDO USA

At BDO, our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes – for our people, our clients and our communities. Across the U.S., and in over 160 countries through our global organization, BDO professionals provide assurance, tax and advisory services for a diverse range of clients.

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