

# The Essential Nonprofit Software Selection Guide and Worksheet



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# Introduction

There are many nonprofit software systems to choose from. It can be hard to decide which one is the best fit for your organization.

With endless variety, options, and alternatives, it might be easy to pick one, but it is hard to pick the "right" one.

As a decision maker, regardless of the type of software you are looking for, you want to mitigate the risk of selecting the "wrong" system so your organization can fully invest in the "right" system.

You can **increase your chances of finding the "right" nonprofit software** by carrying out a disciplined selection process.

Whether you are searching for new case management software, donor management software, or any other type of nonprofit software, this guide and the accompanying software evaluation worksheet can help!

This guide walks through a three-step process. Each step in the process will prepare you to select the best nonprofit software for your organization.

- **Step 1:** Conduct a self-evaluation of your organization before beginning research on any software options.
- **Step 2:** Objectively research at least three (if possible) potential software options and aggregate your research in a format that allows you to compare each option side by side.
- **Step 3:** Align the outcomes of your self-evaluation with your research on potential software options. Decide on the software option that best aligns with your organization's requirements.

I hope you are able to use this guide to make a smart software purchasing decision.

Thank you for reading!

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## Step 1: Conduct a self-evaluation

Before contacting software vendors or researching different software options, conduct an evaluation of your organization.

An evaluation should start your software selection process because:

- You can define what you want and don't want, and be specific about your desired software system;
- You can offer potential software vendors specific information on what you want, what you don't want, and your overall expectations;
- You can form initial opinions and thoughts without other parties influencing your decision making process out of the gate; and
- You can confirm that the current challenges and current strengths of your existing system (or systems) are addressed in the new software.

A self-evaluation gives your entire organization the opportunity to **develop clear expectations, a specific purpose, and a singular goal for the software selection process.**

Conduct a thorough self-evaluation by writing out answers to each of the following five questions.

**Note:** Each question below uses the word “system” to represent software, Excel spreadsheets, or manual processes and procedures. Your existing system is the thing you use currently and the thing you hope to replace with new software.

### **What are the challenges with the current system?**

What don't you like about your current system? List all of the pain points and inefficiencies of your current system(s). During the software evaluation process, find a software system that mitigates current challenges.

### **What are the strengths of the current system?**

What do you like about your current system? List all of the efficiencies and likes of your current system(s). During the software evaluation process, find a software system that empowers or replicates current strengths.

## **What is our vision for the new software system?**

In a perfect world, what do you want the new software system to look like? What will it manage for you? How will it integrate with your organization? How will it improve efficiency?

It is important to describe the ultimate outcome you hope to achieve with new software, even if the vision is lofty. Visions will be constrained by budgets, time, and other resources. The remaining two questions in the self-evaluation narrow your vision so it is reasonable and practical.

## **What part of our vision for the new software system is “nice to have?”**

What specific elements of your vision aren't necessary in a new software system? “Nice to have” elements are secondary features or functions that aren't make or break in the selection process.

The “nice to have” elements will make an impact on the return on investment in new software, but they can be let go if budgets, time, and resources dictate that they be let go.

## **What part of our vision for the new software system is “need to have?”**

What specific elements of your vision are the must haves in a new software system? “Need to have” elements are primary features or functions that are so advantageous that they will drive the evaluation and selection process.

The “need to have” elements will dictate the decision to select a particular software system because they are the elements you need to improve efficiency and achieve a positive return on investment in new software.

***The goal of an upfront self-evaluation is to set a solid foundation with a clear purpose before researching and evaluating software options, so when you're ready to make a final selection you can do so with confidence and the evidence to justify your decision.***

## Step 2: Evaluate multiple software options

With the self-evaluation complete, you are ready to start researching potential software systems.

1. Start with a broad list of software options.
2. Complete a *high-level* review of the broad list.
3. Narrow the broad list to a shortlist of three to five options (three is usually best).
4. Conduct thorough research of each software option on your short list.

The goal of a software selection process is to select the “right” software for your organization, making thorough research of your short list a critical step.

In this guide and the accompanying worksheet, we cover fifteen “evaluation topics,” but the list of evaluation topics can be expanded if needed. Use the worksheet to create a comprehensive software profile so you can objectively compare multiple software options side by side.

1. Vendor name and primary contact information
2. Company demographics
3. Implementation process
4. Ongoing support options
5. Training options
6. Key points from live demonstration (demo)
7. Key points from free trial
8. Key points from customer references
9. Scalability and flexibility
10. Add-on features
11. Strengths and limitations
12. Primary differentiator
13. Total cost
14. Exit process
15. Other notes

**Complete one software evaluation worksheet for each software system on your short list.** For example, if you are evaluating three software systems, complete three separate worksheets (one for each software system). Refer to this guide for descriptions of each evaluation topic.

## 1. Vendor name and primary contact information

Add the software vendor name and the contact information for the sales representative that is your primary contact during the selection process to the worksheet.

This information is purely for reference. Having this information on the software evaluation worksheet keeps your research organized and in one place.

You can add another box to the software evaluation worksheet if you need space for the contact information of any independent consultants you are contacting during the selection process.

*-- Worksheet Snapshot --*

1	Vendor Name	
	Primary Contact Info	

## 2. Company demographics

A software vendor provides a system that will be integral to your organization's operations. The viability of the software vendor as a company is a valid concern.

There are three questions to ask each software vendor. These three questions define the general health and sustainability of the software vendor as a company.

- What is your current customer count for the software?
- What is the first year retention rate of customers that purchase the software?
- What are some reasons why your company will continue for the next five years?

The answers to these questions will vary and must be taken in context.

For example, customer count and retention rate are very important together. A software vendor may have thousands of current customers, but only half of them stay with the software after the first year; whereas a vendor with a low number of current customers may have nearly one hundred percent retention rate after the first year.

*-- Worksheet Snapshot --*

2	Company Demographics	Customer Count	1st Year Customer Retention	Company Stability

### 3. Implementation process

New software will require implementation. Define the tasks, costs, and time commitment to achieve a successful implementation before purchasing new software.

There are spaces in the software evaluation worksheet to define two elements of the software implementation process.

**First**, describe the general flow of the implementation process.

Determine what it will take to get "up and running" with the first question. How do we get from day one to a point where our organization is proficient with the software?

Define the best practice implementation process and any steps or milestones that will be involved. Be as descriptive as possible.

**Second**, describe the time commitment that will be required by your organization during the implementation process.

A guided implementation from an implementation specialist will take most of the heavy lifting off your plate, but your organization will still play an important role. Whether you will be working with an independent consultant or the software vendor for implementation, be sure to understand the total implementation process and your role in that process.

Defining the expectation for implementation upfront will help your organization invest the right amount of time, resources, and energy into the first steps with new software.

-- Worksheet Snapshot --

3	Implementation	Description of Process	What is required of us?

## 4. Ongoing support options

You will have questions when using the software. There may be technical glitches with the software as well. Most vendors will include both customer and technical support with the software, but some support may be for a fee and some may expire after a certain amount of time.

Before selecting software, build a clear understanding of the ongoing support that is and isn't included and any alternatives that are available if you need them.

It is also important to understand what it takes to sustain the software system long-term.

Beyond customer and technical support provided from the vendor, what ongoing management tasks and responsibilities are recommended to keep the software system healthy? These tasks and responsibilities will most likely fall on your plate, so define them upfront.

*-- Worksheet Snapshot --*

4	Ongoing Support	
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## 5. Training options

Training is one of the most important elements of any software implementation. Your organization will need training. Your organization will need to build capacity in the software.

Always ask what training is included in the software purchase price and what optional training is available.

Training is an easy place to cut in the budget for new software, but it should be the last place you cut. Your software will only be valuable to your organization if you have proficient users and administrators.

### **If training is included in the purchase price of the software, does that training generally give users enough background to use the software?**

Sometimes standard implementation training programs provided by software vendors aren't robust and leave capacity gaps at your organization. Ask about optional training services.

Evaluate how a combination of standard and optional training can get your users and administrators up to speed with the software.

It is also important to understand the types of ongoing post-implementation training that are available (either from the software vendor or an independent consultant).

We recommend annual training for all users. We also recommend initial training for any new users in your organization.

Add descriptions for both implementation and ongoing training in the appropriate spaces of the software evaluation worksheet.

*-- Worksheet Snapshot --*

5	Training	Implementation	Ongoing

## 6. Key points from live demonstration (demo)

We recommend that you test-drive any software before purchasing it. Practical experience with the software is the best way to determine if a software is a good fit for your organization. A hands-on look at software occurs in one of two ways.

1. **Free Trial** - A free trial is a no cost test of new software. You sign up for the trial and get to use the software for a short period of time without an upfront commitment.
2. **Live Demo** - A demo is like “show and tell.” The software vendor will set up a meeting where they can show you the software and explain how the software might work for your organization.

Free trials are not always helpful because you have to teach yourself how to use the software during the trial, sometimes without formal training. If a free trial isn't for you, a demo is a better option.

During a demo, the software vendor or an independent consultant for the software can take the outcomes of your self-evaluation (completed in Step 1) and show you how they apply to the software.

A demo will show you the software in action!

While you are attending the demo, write down notes in the software evaluation worksheet. **Generate a bulleted list of likes and dislikes.**

If you will be evaluating the software during a free trial and not a demo, then you can skip this section of the software evaluation worksheet and proceed to the “Key points from free trial” section.

*-- Worksheet Snapshot --*

6	Demo	Likes	Dislikes

## 7. Key points from free trial

If you want hands-on experience with the software prior to purchase, a free trial may be the best option for your organization.

Free trials vary in length based on the offers available from the software vendor, but most are fourteen to thirty days. A free trial gives you the opportunity to “kick the tires” of the software prior to purchase.

Free trials are best for organizations that have proficient database administrators or technology staff. A demo will be a better option if you don't have the personnel or time to conduct a thorough free trial evaluation.

Take notes during the free trial and write down the key points in the software evaluation worksheet. Generate a bulleted list of likes and dislikes.

If you are not sure how to get started with a free trial, start with basic use cases that apply to your organization. Start with common, standard tasks and increase specificity from there. The outcomes of your self-evaluation are another great place to start.

*-- Worksheet Snapshot --*

7	Free Trial	Likes	Dislikes

## 8. Key points from customer references

Talk to existing customers. They will give you honest feedback on the software. Their feedback will be based on real-life experiences.

Most references provided by the software vendor will be customers that are exceedingly happy with the software. Software vendors will rarely use references that are unhappy with the software. This shouldn't deter you from contacting references though.

Have a list of questions ready for each conversation and be ready to dig for the feedback you need.

- What do you like most about the software?
- What do you like the least about the software?
- What would you do differently if you started over again?
- Did the software match the expectations you had going in?
- Overall, how would you rate the software?

**Try to speak with at least three different existing customers.**

Write down the key points from the customer references in the software evaluation worksheet. Segregate the notes from each customer reference so you can track your notes back to the source if you need to ask more questions or clarify any details.

*-- Worksheet Snapshot --*

8	Customer References	Customer #1	Customer #2	Customer #3

## 9. Scalability and flexibility

Your organization will evolve over time. As your organization evolves, your software will need to evolve as well. Define how the software system can scale up or down with your organization.

- Can an administrator customize the user interface?
- Are there any features that match your “nice-to-have” list?
- How would the system expand if your organization expands?
- Does an administrator have the ability to update, rearrange, delete, and import data?

Defining a software system’s scalability will be done throughout the software selection process.

Add notes to this section of the software evaluation worksheet after conversations with references, during demos, and during conversations with the software vendor or independent consultants that work with the software.

All of these details define whether the system can scale up and down with changing organizational conditions.

*-- Worksheet Snapshot --*

9	Scalability and Flexibility	
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## 10. Add-on features

The last thing you want is to purchase new software and realize that a key feature you were expecting is missing. Not only that, but the feature you are looking for is a fee-based add-on.

Even if you are not sure that you will need add-ons, get a full list of add-ons from the software vendor. It is better to know all of the add-ons that are available and then make a judgment on the features that are necessary, than to not know at all.

Take note of features that are valuable to your organization or were identified in the self-evaluation process from Step 1. Write those features down in the software evaluation worksheet and determine if those features impact the total cost of the software.

*-- Worksheet Snapshot --*

10	Add-ons	
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## 11. Strengths and limitations

Like software scalability, the strengths and limitations of a software system will be defined continually throughout the software selection process. They may come from your lists of likes and dislikes from a free trial or demo, conversations with customer references, a software features list on the software vendor's website, or general observations you make during the selection process.

**Develop a bulleted list of strengths and limitations in the software evaluation worksheet and add to the list as you go along.**

At the conclusion of the selection process, round out a complete list of strengths and limitations. This list will be critical when comparing software systems side-by-side and ultimately making a final selection.

*-- Worksheet Snapshot --*

11	Strengths and Limitations	Strengths	Limitations

## 12. Primary differentiator

At the conclusion of your selection process, write down the primary thing that makes each software system stand out.

The primary differentiator should be a single one or two sentence statement identifying the features that rise to the top and make each software system intriguing to your organization.

*-- Worksheet Snapshot --*

12	Primary Differentiator	
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### 13. Total cost

Price is always a factor in software purchasing decisions. There are two numbers to define during your software selection process.

- **Year 1** - What is the cost in the first year to get the software up and running? The year one cost will generally include one-time implementation, training, and support costs that will go away or will be significantly reduced in year two.
- **Year 2** - What is the cost in the second year after the software system is up and running? The year two costs are representative of the ongoing, steady state costs to maintain the software system and will generally include training, maintenance and upgrades, system improvements, and potentially consultative support.

Pricing information may come from multiple sources including the vendor and independent consultants. Sum all costs from all sources.

But price isn't a metric that can be compared on its own. Price should be compared in relation to the benefits and efficiencies that can be gained from each software system.

**Value is a comparable metric across different software systems. Value is the ratio of benefits to costs.**

1. Sum the total dollar amount of benefits that will be generated by adopting the software system including saving costs and time among others.
2. Sum the total dollar amount of the costs to purchase, manage, and maintain the new software system including training, implementation, and ongoing maintenance.
3. Divide the total benefits by the total costs to calculate return on investment or ROI (i.e. value).

With an ROI for each software, you can compare value side by side and make judgments about the return of each software.

-- *Worksheet Snapshot* --

13	Total Cost	Year 1	Year 2

## 14. Exit process

Not every software system is a match made in heaven. Sometimes software just doesn't work the way you thought.

There are real world situations that can impact your adoption and use of the software. Always ask the vendor what happens if you need to leave.

- What happens to your data?
- What are the steps for the exit process?
- What are your obligations for payment?

Hopefully, the glass slipper fits, but it is always a good idea to plan for contingencies.

Write down all of the contingencies or a full description of what happens in the event you need to discontinue service from the software vendor.

-- *Worksheet Snapshot* --

14	Exit Process	
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## 15. Other notes

A lot can be said, heard, and uncovered during a software selection process. Not everything you learn fits nicely into the worksheet's pre-defined evaluation topics.

If there are key points that you want to remember that don't fit nicely into another category in the software evaluation worksheet, use the "Other Notes" section to capture them.

The goal of the software evaluation worksheet is to capture all research, information, and knowledge about a particular software system in a single place. The "Other Notes" section is the catchall for information that will support your selection process.

*-- Worksheet Snapshot --*

15	Other Notes	
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## Step 3: Align self-evaluation with software evaluation

With each software evaluation worksheet, you now have documentation of your research. The worksheets will offer an objective and comparable view of each software system. You can now compare software options side by side to make an informed decision for your organization.

The decision making process is unique for every organization. This guide will not offer a standard method for determining the best software for your organization. However, you can use the process offered in this guide as a foundation for your decision making process.

**Validate your decision by aligning the outcomes of your self-evaluation from Step 1 with the profiles of each software system that you created in Step 2.**

Comparing your software options will require some subjective interpretation because not everything in the software evaluation worksheets will line up in a 1-to-1, “apples-to-apples” format, but you should start to see where the benefits of one software system are greater than the others.

The solution with the most alignment to your goals and expectations, which you defined in Step 1, is often the software system that is best for your organization.

## Select the best software for your organization

Whether you are searching for new case management software, donor management software, or any other type of nonprofit software, moving from spreadsheets, paper, post-its, and older feature-deficient databases to newer, more effective nonprofit software can increase staff-time efficiency, reduce organizational stress, and increase your organization's potential to change lives through its mission.

While opportunities of new nonprofit software are substantial, making the wrong choice of new software can be costly. Selecting the wrong nonprofit software can negatively affect staff morale, daily tasks and workflow, and your organization's budget, as well as impact your organization's ability to take advantage of growth opportunities.

These negative impacts are troubling, but selecting the right nonprofit software can have an equally positive effect on your organization.

Generate the best possible outcome during your software selection process with a well-thought-out evaluation plan.

Leave no stone unturned and you will be equipped to make a smart purchasing decision with a software system that is the best fit for your organization.