



White paper

# Sage Intacct 2021 Nonprofit Technology Trends Report

Sage

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# Introduction

Last year, our 2020 Nonprofit Technology Trends Report provided insight into how nonprofits leverage technology to achieve their mission. When we published the results in February 2020, we had no idea how our world would be turned upside down just one month later.

The global pandemic and the subsequent health and economic impacts have forced people around the world to alter their daily activities. The nonprofit community faced a dichotomy of grappling with organizational disruptions, while also being looked to for leadership to support and respond to the overwhelming societal challenges.

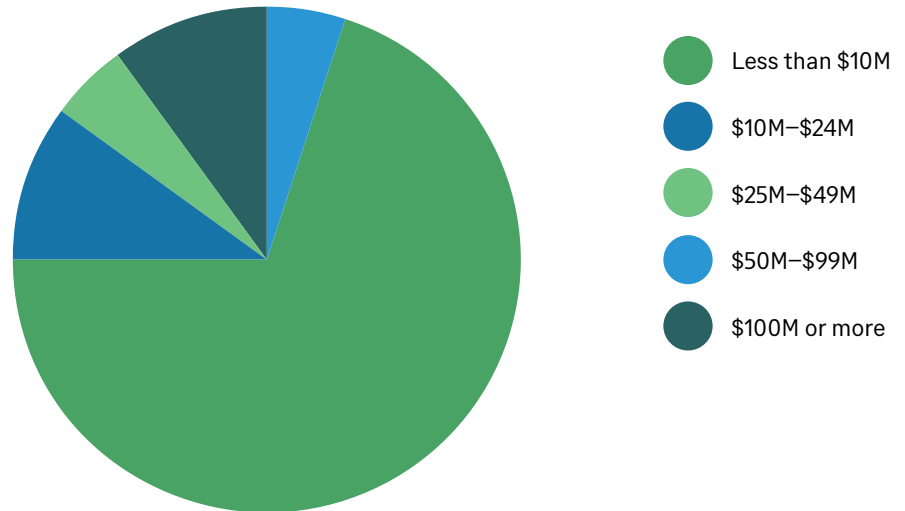
As nonprofits dealt with market uncertainty, higher demand for services with fewer resources, and the need for innovations to overcome challenges, many turned to technology to address these issues. In an industry where dollars mean the difference between having or not having meals, housing, healthcare, or education, the right technology can help improve efficiency, achieve compliance, save money, and ultimately, deliver greater mission impact.

With that in mind, we once again launched our annual nonprofit technology survey. Over 500 nonprofit finance leaders in the U.S. participated in the research study, providing their perspective on the industry, the challenges they face, and technology engagement—in and out of the context of the pandemic.

# Demographics

The majority of the organizations (85%) that completed the survey were mid-size nonprofit organizations in the United States with revenue of less than \$24M annually. The demographics are in line with our survey respondents from last year, giving us the ability to compare year-over-year in many areas.

## What's the approximate annual revenue for your organization?



The respondents represented a variety of nonprofit cause areas including human services, education, community improvement, healthcare, and faith-based.

The most frequent titles of respondents were executive director, chief financial officer, and chief executive officer. Other survey participants identified themselves as controller, director of finance, accounting manager, and VP of finance and administration.

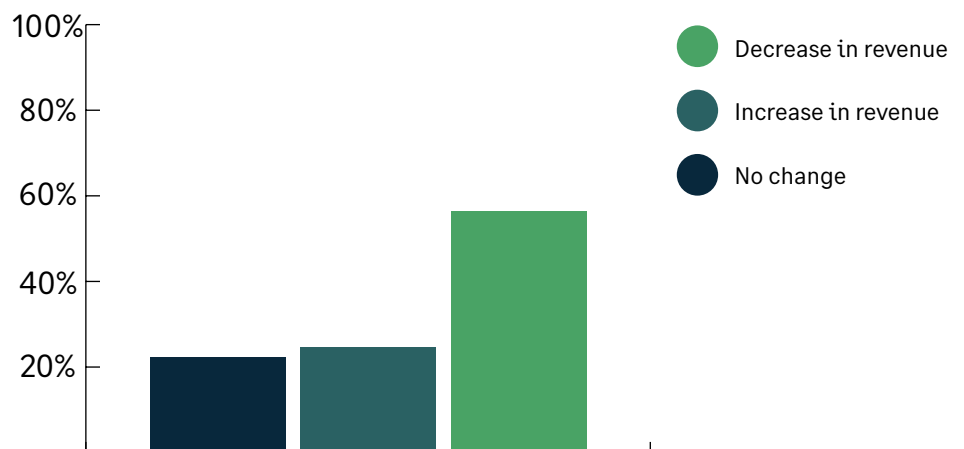
# Detailed findings and analysis

More than half of those that reported a decrease in revenue saw a decrease of less than 25%, signaling optimism for a faster recovery.

## Funding and donors

Most respondents (58%) experienced a decrease in revenue in 2020. While unfortunate, this isn't surprising given the impacts of the pandemic on the economy. The good news is that more than half of those that reported a decrease in revenue saw a decrease of less than 25%, signaling optimism for a faster recovery.

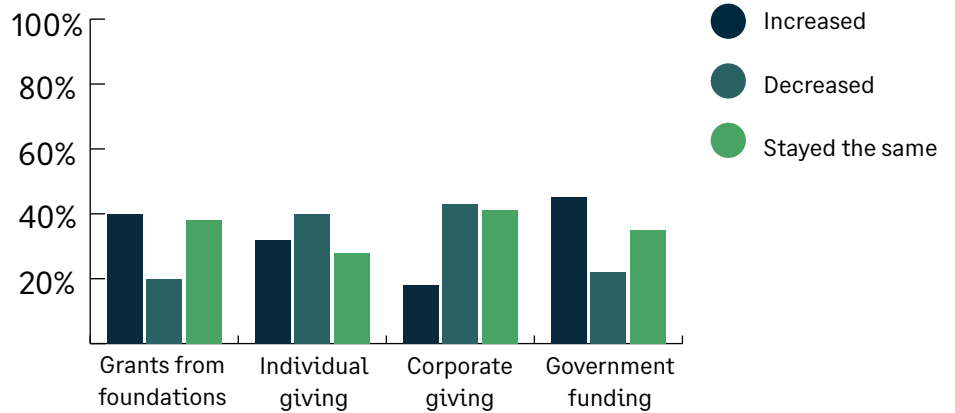
### What changes have you experienced in your revenue in the past six months?



Nonprofit finance leaders report that the biggest decrease in funding came from individuals and corporations. This is in stark contrast to 2019 when the biggest area of increase was in individual giving. This just further illustrates how hard individuals (and corporations) were hit by the pandemic.

However, nearly a third of respondents indicated that funding from foundation grants and government funding increased this year—a sign that these funders have been able to step up and provide some relief where others fell short.

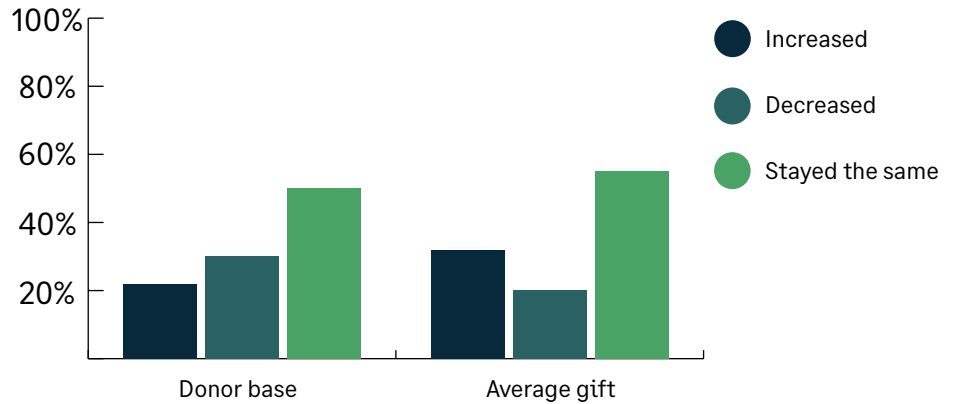
**In what funding areas have you seen a change in the last 12 months?**



**This year, 76% of organizations surveyed increased or maintained their donor base. It's encouraging that we didn't see a big decline, despite economic challenges. Similarly, 74% of organizations reported their average gift size remained steady or increased.**

For organizations that accept donations, we didn't see a change in size of donor base from 2019 to 2020. This year, 76% of organizations surveyed increased or maintained their donor base. It's encouraging that we didn't see a big decline, despite economic challenges. Similarly, 74% of organizations reported their average gift size remained steady or increased.

**What changes have you experienced with your donor base in the last 12 months?**



**Programs and services**

In 2019 we saw programs expand, but programming declined across the board in 2020. 42% of respondents reported that the number of programs they offer has declined, with nearly 50% saying participation in programs has also decreased. This isn't surprising given the challenges of executing traditional in-person programs this year.

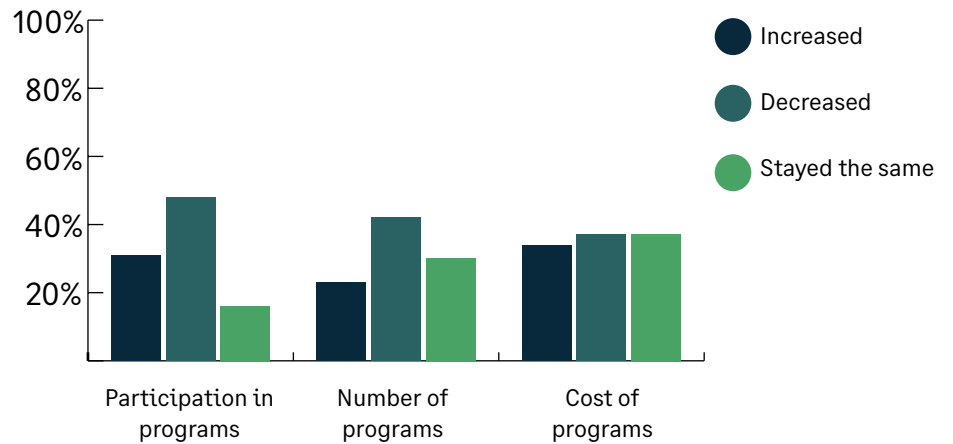
Most respondents (69%) also indicated that the cost of their programs decreased or remained flat, very likely due to the decrease in participation and ability to execute programming.

## Programs and services

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### How have programs changed in the last six months?

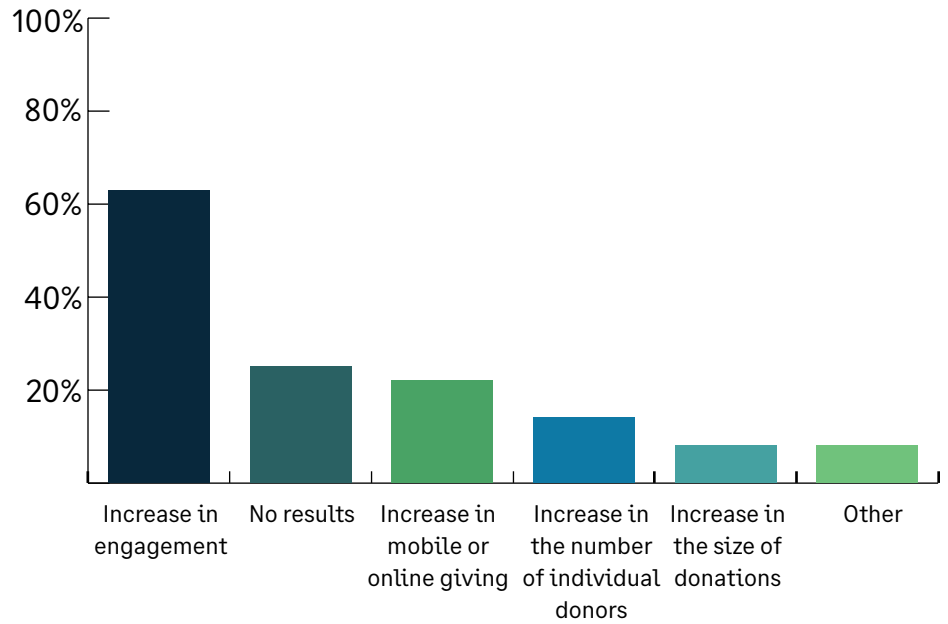


## Communication and constituent engagement

The challenges brought forth by the pandemic forced nonprofits to get creative connecting with their constituents and communities. Traditional in-person events and programs weren't always possible. As a result, many nonprofits turned to social media as a source of engagement.

72% of respondents said their organization has a social media strategy, up from 65% last year. Further echoing the need to increase engagement digitally, 70% of these organizations said their social media strategy has changed as a result of the pandemic. Those that incorporate social media have seen positive results, including 62% reporting increased engagement. Other benefits were an increase in online donations, the number of individual donors, and the size of donations.

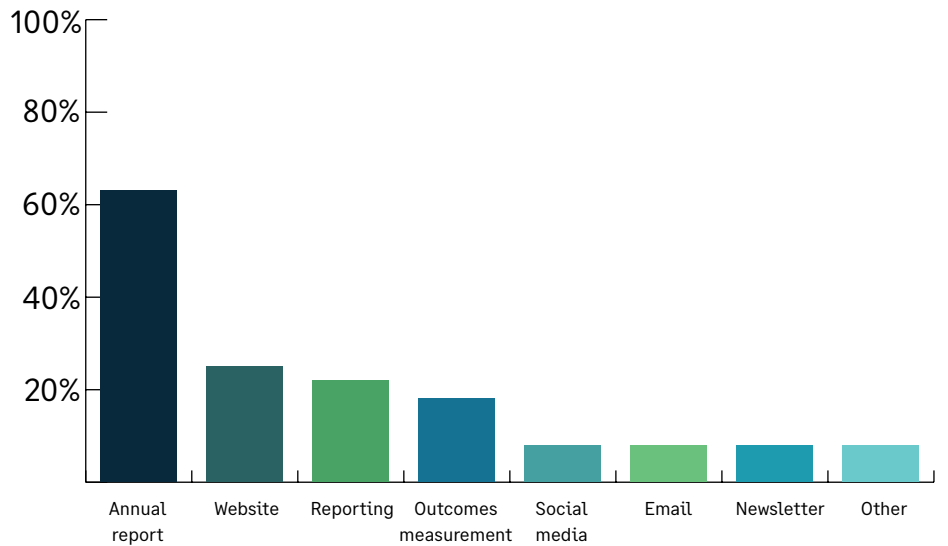
**What results have you seen from your social media strategy?**



Twenty three percent of those that have social media strategies indicated that they haven't seen results. Several respondents indicated that they weren't sure of their results, possibly because they aren't able to measure correlating key performance indicators.

We were also curious to understand how nonprofits share their story of mission impact to constituents. It's encouraging to see the high levels of engagement with many different media forms. The most common ways of sharing mission impact were through a website, social media, and newsletters. This is consistent with last year's results.

**How does your organization share your story of mission achievement to constituents?**





**The survey showed a 10% increase over last year in finance's involvement in telling the story of mission impact.**

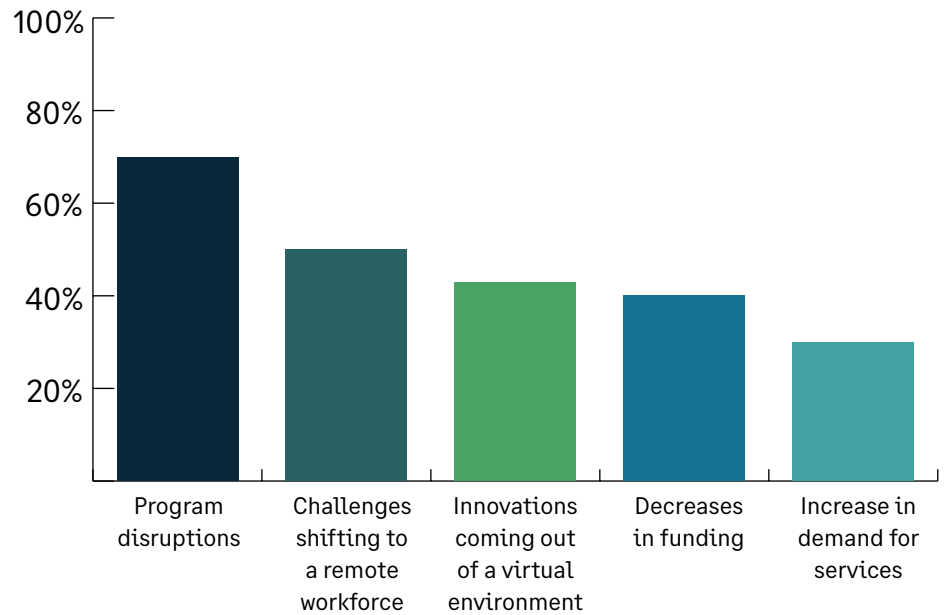
This survey was targeted to nonprofit finance leaders and we were curious to understand their role in telling the story of mission impact to constituents. 74% of respondents indicated that their finance team is involved in telling their impact story, up from 64% in 2019. The increase in involvement by finance is an indication that the ability to report on data and key performance indicators help tell a more powerful story of mission impact.

The most common contributions by finance cited were documenting transparency and accountability, tracking and measuring program results and impact metrics, and charting growth.

### **Market trends**

The COVID-19 pandemic was the biggest story of the year. We wanted to understand what nonprofit finance leaders felt were the top five areas in which the pandemic has had the greatest impact.

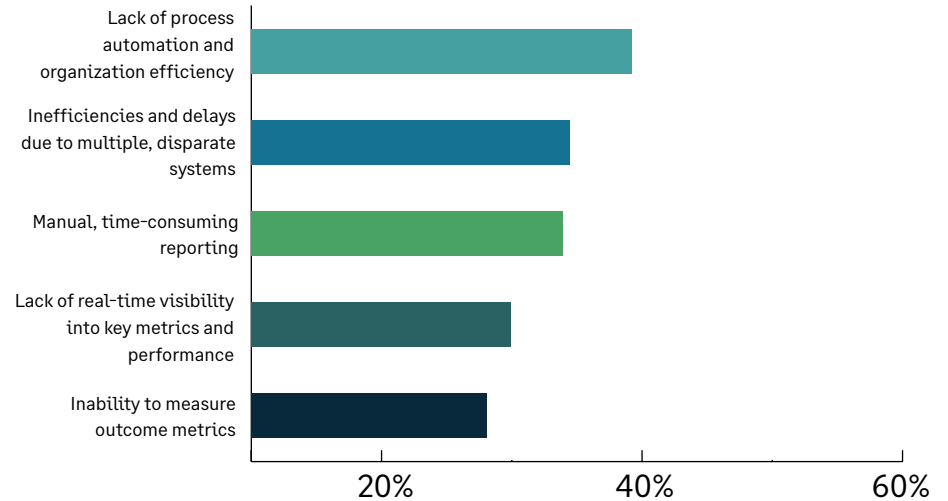
### **What has been the biggest impact of COVID-19 to your organization?**



One of the most glaring challenges to come from the pandemic is the dichotomy between the increase in demand for services and program disruptions. It's clear that services are needed, but nonprofits are challenged to meet that demand as program disruptions inhibit their ability to deliver.

Many nonprofits have adapted with creative and innovative solutions to meet those needs like drive-thru food pantries, recording video performances for donations, and online galas.

**What are the biggest internal frustrations your organization is facing today?**



**“Inefficiencies and delays due to multiple, disparate systems” moved up the list from third in 2019 to second in 2020—a result of technology challenges that already existed but were further exacerbated by the shift to remote work.**

It's interesting to note that these are the same top five internal frustrations expressed in our 2019 survey. The only difference is that “inefficiencies and delays due to multiple, disparate systems” moved up the list from third in 2019 to second in 2020—a result of technology challenges that already existed but were further exacerbated by the shift to remote work.

Individual anecdotal responses speak directly to this:

**“Staff leaning into using multiple applications that we have used on a limited basis before, but need to really use now.”**

Community improvement nonprofit

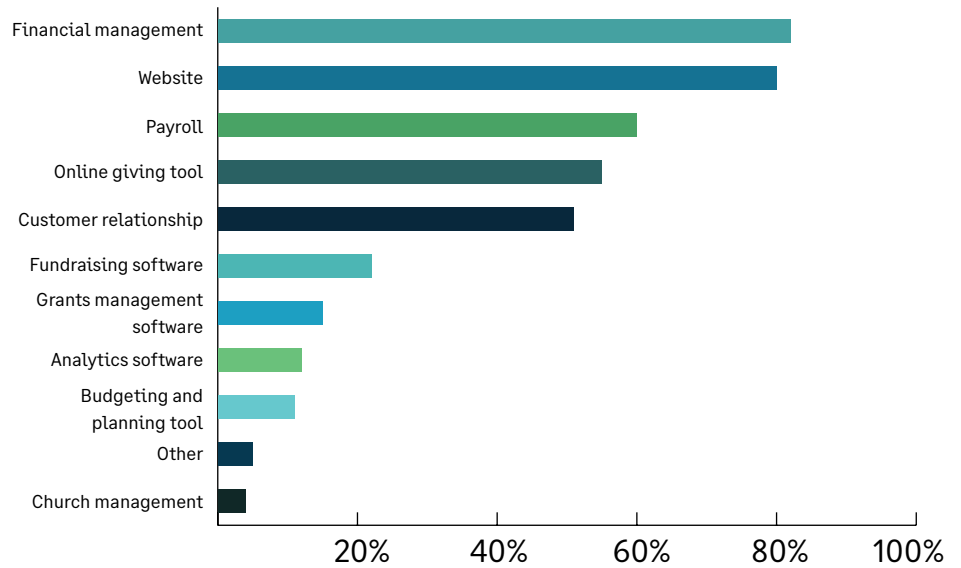
**“Technology changes and tech support to adjust to these changes, as well as difficulty in learning new technology.”**

Arts and culture nonprofit

## Technology

We asked respondents about the technology solutions they use to support operations and growth. The most used pieces of technology were financial management and accounting software, a website, and payroll software.

### Which of the following technology solutions does your organization use to support operations and growth?



### Accounting and financial management software

When asked specifically about financial management and accounting systems, 44% of respondents revealed they use QuickBooks. That was the most prevalent answer followed by Sage Intacct, outsourcing to a third-party accounting firm, Blackbaud Financial Edge, and Abila MIP.

We also asked respondents to rank the functionality of financial management and accounting software based on what is most important to their organization (1 was most important, 6 was the least important functionality). It is interesting to note how priorities have changed since 2019.

<b>2019</b>	<b>vs</b>	<b>2020</b>
<b>Rank of importance</b>		
<b>Ability to automate financial reporting</b>	<b>1</b>	<b>Ability to automate financial reporting</b>
<b>Ability to automate tracking and reporting of outcome metrics</b>	<b>2</b>	<b>Ability to integrate with other systems</b>
<b>Automated revenue recognition</b>	<b>3</b>	<b>Ability to manage multiple funds through fund accounting</b>
<b>Ability to manage multiple funds through fund accounting</b>	<b>4</b>	<b>Ability to automate tracking and reporting of outcome metrics</b>
<b>Ability to automatically track and bill grantors</b>	<b>5</b>	<b>Automated consolidation of multiple entities</b>

As in 2019, the ability to automate financial reporting is still the most desirable functionality. The ability for nonprofits to measure real-time data easily and quickly is key to efficiency and mission impact.

Interestingly, the ability to integrate with other systems was not even in the top five on the 2019 list and jumped up to the number two spot in 2020. This further highlights the shift in technology needs due to the pandemic. Making more efficient use of technology has been a priority in 2020.

# Executive summary

## **It's been a challenging year, but there are positive signals for the future.**

It's no doubt the pandemic took a toll on nonprofits; the survey results echo that assumption. However, our survey also highlighted some positive signals that point to recovery and brighter days ahead.

With a virtual environment, nonprofits had to find unique ways to connect with constituents. According to GuideStar by Candid,<sup>1</sup> developing a consistent social media strategy is vital to a nonprofit organization's success. 70% of survey respondents reported that they have changed their social media strategy as a result of the pandemic and the results are impressive with 62% seeing an increase in engagement.

The increase in social engagement is echoed across the industry; with an unprecedented 34.8 million people donating more than \$2.47 billion on GivingTuesday 2020<sup>2</sup>, a 29% increase over 2019.

In the coming 12 months, 50% of respondents are forecasting either flat or an increase in revenue. Of those, 29% are forecasting a significant increase of 25 to 50%.

While individual and corporate giving decreased in 2020, other funders have stepped up with respondents reporting that foundation and government funding has increased by 30% and 27%, respectively.

**In the coming 12 months, 50% of respondents are forecasting either flat or an increase in revenue. Of those, 29% are forecasting a significant increase of 25 to 50%.**

1. Wonder, Stacey. *4 Easy Steps to Develop a Social Media Content Strategy for Your Nonprofit*, Nov. 2018.
2. "After Year of Global Crisis, Millions Respond with Massive Swell of Generosity and Shared Humanity on GivingTuesday 2020." *GivingTuesday*, 3 Dec. 2020.

### **Innovations coming out of the pandemic**

Nearly half of those surveyed (46%) reported they experienced innovations coming out of the pandemic that they wouldn't have otherwise realized.

**“Collaboration with other agencies on a self-care strategy for staff/volunteers and more strategic fundraising awareness.”**

Human services nonprofit

**“Forced pause is enabling us to focus on a long overdue reassessment of our business plan.”**

Arts and culture nonprofit

**“Refocus on core fundamental programming like food insecurity.”**

Human services nonprofit

### **Modern technology allowed nonprofits to quickly adapt**

Not many of us were prepared to face a global pandemic. And while this couldn't have been predicted, nonprofit finance teams with modern, cloud technology in place were able to stay focused on mission success during a time of crisis.

**“Actually, the transition to a virtual workforce from a systems perspective was incredibly smooth. We had purposely transitioned to cloud-based services for finance and all church-based systems in part to have access in emergency situations. All staff needed was Internet access through a browser to access these systems, just as they had been doing from the church office.”**

Faith-based nonprofit

**“We are pretty streamlined. We have always had a remote workforce scattered around the country and our organization has made it a priority to support it with the proper technology. While we had to make some adjustments due to COVID-19, our organization is very nimble which resulted in the ability to pivot quickly.”**

Human services nonprofit

## **The need for real-time data is more important than ever**

For the second year in a row, our survey showed that the ability to automate financial reporting is the top internal frustration for nonprofits. Every nonprofit has been forced to make difficult decisions this year and nonprofits need more timely, insightful financial reporting to make data-driven decisions.

The economic road back from COVID-19 will not be quick or easy, but the good news is that giving trends usually recover more quickly than the overall economy. According to a recent analysis of nonprofit performance during the last recession, Nonprofit Quarterly noted, “according to the hard data, nonprofits are excellent and highly adaptive managers when it comes to running complex organizations, even in financial downturns.”<sup>3</sup>

Follow these best practices to aid in a faster recovery:

- Use every financial analysis tool and report at your disposal to help your team find the way forward
- Scrutinize every expense to see where you can capture some savings
- Talk to vendors about renegotiating contracts and moving to an automated ACH payment process
- Analyze your mixture of full-time and part-time employees and where you might be able to use more volunteers
- Leverage real-time financial performance and outcome metrics to quickly identify and remove excess costs to focus on mission impact

3. Dietz, Nathan, and Ruth McCambridge. “Nonprofits in Recession: Winners and Losers.” *Non Profit News | Nonprofit Quarterly*, 4 May 2020.

## **How Sage Intacct has helped nonprofits navigate the pandemic**

Specializing in helping nonprofits of all types, Sage Intacct streamlines grant, fund, program, and donor accounting, while delivering real-time visibility into the metrics that matter. Our modern, true cloud solution, with open APIs, gives nonprofits the connectivity, visibility, and efficiency they need to do more with less.

At Sage Intacct, we help nonprofits strengthen stewardship, build influence, grow funding, and achieve mission success.

The capabilities of our modern, cloud financial management system have proven particularly useful during the COVID-19 pandemic.

**“During the COVID-19 pandemic, our finance team didn’t have to spend any time figuring out how we’d keep things running with people at home—it was seamless, since we had easy access to Sage Intacct in the cloud. Rather than just trying to figure out how to get grant dollars out the door, we could focus on where the money needed to go and where it could come from.”**

Jennifer Mitchell, Accounting Manager, The Ford Family Foundation

**“Moving to a one hundred percent work-from-home arrangement has created very limited disruption with our finance team. We still have to physically pick up the mail but with Sage Intacct we have been able to completely manage the finances of our congregation remotely during the COVID-19 crisis. It’s business as usual for us. This is just another reason a cloud-based accounting system works for Seacoast.”**

Glenn Wood, Pastor of Church Administration, Seacoast Church

**“Since Sage Intacct is a cloud-based system, our organization was able to adapt to the COVID-19 situation quite well. We were able to maintain most of the same processes we had in place with only slight changes (such as online signatures and digital storage of approvals/documents). Other than that, our processes have remained the same and we have continued to get our jobs done seamlessly during this time.”**

David Peterson, Accounting Clerk, East Bay Regional Park District





# Conclusion

2020 was not the year many expected. As the world grappled with the fallout of a global pandemic, nonprofits were balancing a dramatically increased community need with simultaneously delayed or shrinking charitable contributions.

Our 2021 Nonprofit Technology Trends Report highlighted some of the specific challenges nonprofits faced this year including decreasing funding, canceled fundraisers, and virtual programming. The survey also highlighted the myriad of innovations nonprofits have developed as a result of the pandemic.

Nonprofits have taken proactive steps to stabilize their finances, adapt to new conditions, and position themselves for continued mission success. Many have relied more heavily on cloud technology than ever before. In times of crisis, technology can be a crucial partner in your ability to stay afloat or be successful. As we turn the page to a new year, it's a great opportunity to reflect on what tools your organization needs to be successful moving forward—from pandemic to recovery.



## About Sage Intacct

Sage Intacct is the AICPA's preferred provider of cloud financial applications. Specializing in helping nonprofits of all types—including health and human services, NGOs, charities, trade and membership associations, cultural institutions, and faith-based organizations—Sage Intacct streamlines grant, fund, project, and donor accounting, while delivering real-time visibility into the metrics that matter.

Our modern, true cloud solution, with open APIs, gives nonprofits the connectivity, visibility, and efficiency they need to do more with less. At Sage Intacct, we help nonprofits strengthen stewardship, build influence, grow funding, and achieve mission success.

In addition to intuitive software solutions, Sage Membership provides members with access to actionable human advice from experts and peers through exclusive content and tools to help you make even better mission-critical decisions.

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