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Nonprofits embrace technology as a mission–critical tool

How nonprofit organizations are using technology to streamline their operations, optimize processes and focus on their missions

As organizations across all industry sectors infuse more technology into their operations and achieve their digital goals, nonprofits are getting in on the trend.

Spanning small private foundations to large public charities—and all points in between—nonprofit organizations play an important role in our economy, society and lives. There are just over 1.5 million nonprofit organizations operating in the U.S., where those groups contributed $1.4 trillion to the national economy in 2022.

Historically, nonprofit organizations have lagged behind for-profit businesses when it comes to digital transformation, but that's slowly changing. Where lack of funding has interfered with some groups' ability to invest in and implement new technologies, for example, many of those solutions have since become more affordable and accessible to a wider swath of organizations.

This "democratization of technology" has allowed more nonprofits to get the solutions, software and hardware they need to be able to work better, smarter and more efficiently in the modern business environment. However, many nonprofit organizations continue to operate the same way—year after year or even decade after decade—when more effective and inexpensive options can be implemented.

"The mission may not have changed, but the optimal way of conducting business certainly has, "RSM US LLP observed in an article identifying 5 signs your nonprofit needs to update its business processes." Modernizing has never been more crucial for mission-driven organizations. Inefficient procedures can bust budgets, create internal turmoil and limit the ability to achieve mission objectives. In contrast, improving your nonprofit's operational efficiency can greatly increase your organization's impact."

Embracing tech as a mission-critical tool

Many social service organizations, community-based organizations, charitable organizations and global nongovernmental organizations (NGOs) rely heavily on manual processes to run their operations. From grant management to donor reporting to volunteer coordination, much of the work is done on disconnected systems. Sharing data across these systems is a manual-intensive, error-prone process that consumes valuable resources that the average nonprofit organization can't spare.

"These organizations generally have small teams, limited resources and very important missions to accomplish," said Bharat Chandu, a technology consulting director at RSM. A leading provider of assurance, tax and consulting services for the middle market, RSM is a NetSuite value-added reseller and trusted implementation advisor.

Most nonprofits are also struggling with broader issues like poor employee retention and back-office efficiency. Most want to improve the effectiveness of their fundraising, get better visibility into the impact of their programs and be able to link funding to specific positive impacts. Finally, they need to produce accurate reports for donors; accurately track expenses and resources; and run organizations where long-term financial success is backed by a strong workforce.

Achieving these goals isn't easy for nonprofits and charities that rely on legacy enterprise resource planning (ERP) platforms that were not built to manage the modern organization. Other groups use on-premises ERPs that require on-site access and don't support their increasingly remote work culture. In many cases, on-premises software can't adapt to changing business trends/regulations; has limited integration/automation/customization capabilities; and is difficult to train new users on. "With a lack of up-to-date technology," Chandu said, "nonprofits often also lack access to accurate real-time reporting, business intelligence tools and access to regular system upgrades."

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RSM understands the needs of the nonprofit sector

With NetSuite as a foundation, RSM helps charitable and nonprofit organizations leverage technology to streamline their operations, optimize processes and focus on their core missions. Our core value proposition includes deep industry understanding and a lengthy track record of helping nonprofits successfully implement NetSuite.

RSM's industry-focused teams guide clients through digital transformation based on industry-leading practices. Technology is only one piece of the puzzle; people and processes are the other two components that are critical to a successful implementation. RSM works with clients to ensure they are served with the right specialists who will support long-term success and optimal return on investment.

When nonprofits work with RSM to implement NetSuite, they also get deep industry experience and the assurance that they'll be supported by people, processes and technology that will help guide them down the digital transformation path. For example, RSM's specialists understand the industry challenges and the solutions that nonprofits need to be able to overcome their most pressing challenges.

Some of RSM's unique capabilities include prebuilt solutions (e.g., integrations to third-party platforms); custom solutions in NetSuite that meet industry-specific requirements; and an implementation approach that folds change management into the ERP implementation journey. RSM also has key relationships within the industry to provide recommendations on available third-party tools that deliver best in class solutions to charities and nonprofits.

"RSM has a focused industry team of nonprofit NetSuite consultants that understands that the ERP needs of a nonprofit organization are much different than the needs of other for-profit companies," said Chandu. "The reporting needs, the process needs and the integration needs are all very different. Working with NetSuite consultants who understand these needs and who can 'speak nonprofit' are critical success tools for organizations."

For example, when one government-funded social services organization that promotes equal access to justice found itself relying too heavily on Excel spreadsheets to manage grant balances and validation, they called on RSM for help. The group was also dealing with delays in grant disbursements (due to the manual processing) and limited visibility of data between the development team and finance (for approving and processing grant disbursements).

With NetSuite in place, the nonprofit now has a reliable record of current open grant balances and a process that's four times more efficient to distribute grant funding. It also has better budget controls, faster month-end close times and a fully integrated system that all authorized users can access from anywhere.

Core ERP capabilities for nonprofits

NetSuite offers several benefits to nonprofits, including:

- **Cost-efficiency**: NetSuite eliminates the need for expensive on-premises hardware and software, reducing IT costs for nonprofits. It also offers subscription-based pricing, making it more affordable and predictable for budget-conscious organizations.

- **Centralized financial management**: NetSuite provides a unified platform for managing financial operations, including budgeting, accounting and reporting. This helps nonprofits maintain transparency and accuracy in their financial records, which is crucial for compliance and donor trust.

- **Fundraising and donor management**: Nonprofits can use NetSuite to track and manage donor relationships, contributions and fundraising campaigns. It allows organizations to segment donors, analyze giving patterns and create targeted fundraising strategies.

- **Grant managemen**t: NetSuite enables nonprofits to manage grants more efficiently by tracking grant applications, disbursements and compliance requirements. This helps organizations ensure they are using grant funds appropriately and reporting back to funders accurately.

- **Program and project management**: Nonprofits can use NetSuite to manage and monitor their programs and projects. This includes tracking expenses, outcomes and impact, which is vital for demonstrating the effectiveness of their initiatives to donors and stakeholders.

- **Improved reporting and analytics**: NetSuite offers robust reporting and analytics tools, allowing nonprofits to generate custom reports and dashboards to gain insights into their operations and impact. This data-driven approach can help organizations make informed decisions and demonstrate their results to donors.

- **Scalability**: NetSuite is scalable, making it suitable for nonprofits of all sizes. Whether an organization is small and just starting out or a large, established nonprofit, NetSuite can grow with it.

- **Automation and workflow**: NetSuite can automate repetitive tasks and workflows, reducing manual data entry and administrative overhead. This allows nonprofit staff to focus more on mission-critical activities.

- **Cloud-based accessibility**: NetSuite is a cloud-based solution, which means it can be accessed from anywhere with an internet connection. This is especially beneficial for nonprofits with remote or distributed teams.

- **Security and compliance**: NetSuite invests in robust security measures and compliance certifications, which is essential for nonprofits that handle sensitive donor information and financial data.

- **Integration capabilities**: NetSuite can integrate with other software solutions commonly used by nonprofits, such as CRM systems, fundraising platforms and marketing automation tools, creating a more cohesive tech stack.

NetSuite can significantly enhance the operational efficiency, transparency and accountability of nonprofit organizations. By streamlining financial management, donor relations, grant tracking and reporting, it helps nonprofits focus more on their missions and less on administrative tasks, ultimately making a greater impact in their communities.

Key solutions for the nonprofit sector

RSM values innovation and is committed to further developing NetSuite to make key solutions accessible for nonprofits on RSM's product strategy team identifies opportunities to automate NetSuite base functionality and builds repeatable processes for deploying solutions to RSM clients for immediate value-add. For example:

- NetSuite's Social Impact edition provides a report to calculate suggested release from restriction values. RSM's not-for-profit NetSuite team built a bundled automated process to enhance native features and release restricted funds based on expenses accumulated against related grants/programs

  NetSuite's Social Impact edition provides basic grant management functionality out of the box to manage qualitative grant information as well as financials for grant reporting. The RSM NetSuite team has extended functionality for grant allocation processes, grant portals for external users, and grant billing processes for private and government grants with cost reimbursement terms; it also specializes in advanced revenue recognition configuration.

- RSM's consulting teams specialize in integrated technology beyond NetSuite, including Salesforce NPSP, payroll/HRMS, bank feeds, Concur, Expensify, Shopify, Bill.com, BlackLine, Workday Adaptive, Power BI and other applications built for NetSuite's extensive SuiteApp ecosystem.

RSM's dedicated project teams possess relevant project experience in servicing not-for-profit NetSuite clients, thus ensuring a successful architecture design and system deployment.

Equipped with a powerful nonprofit financial management system that's built to meet the unique needs of their organizations, nonprofits and charities immediately begin to see benefits like:

- Elevated efficiency and visibility into the grant life cycle. Track terms and conditions, automate time and expense tracking, track projects, and manage expenses across multiple years and have access to real-time net asset reporting.
- A streamlined chart of accounts (COA) using predefined general ledger custom segments to achieve complete visibility into the source and use of funds.
- Innovative and GAAP-compliant fund accounting framework that helps the nonprofit manage its diverse revenue streams.
- Dashboards that incorporate FASB compliance reporting, role-based metrics, analytics and other insights to provide a complete picture of the nonprofit's performance, on-demand and in real-time.
- Full grant lifecycle management for inbound and outbound grants, including application and awarding process, and revenue/expense tracking for related programs/projects.
- Real-time visibility into revenue to date and invoicing requirements by funder, including revenue recognition, payment installment and multi-year grants.

Unparalleled scalability and efficiency

For nonprofits and charitable organizations, NetSuite offers two core benefits that their previous systems can't match: scalability and efficiency. "In order for systems to be scalable, they have to be flexible to adapt to changing environments and be able to utilize the latest technology," Chandu explained. To offset their employee retention challenges, for example, nonprofits can implement industrywide best practices and use more advanced technology—both of which will attract a more qualified, engaged talent pool.

"NetSuite is a highly scalable and efficient system for nonprofit organizations," he added. "The product team at NetSuite releases two upgrades a year to all customers to introduce the latest technology and features to make businesses run more efficiently."

RSM also has the tools, specialization and talent to help its nonprofit customers get even more out of their technology investments. One nonprofit that works to close opportunity gaps in employment was in the middle of a NetSuite implementation, but realized they were installing software vs. designing a system for their unique organizational needs. Ultimately, they lacked industry expertise and leading practices. They enlisted RSM's help with goals, including lessening the organization's reliance on Excel spreadsheets for reimbursable grant billing, getting trained on NetSuite's report-builder functions for nonprofit-specific reports and improving user adoption of the new systems through personnel who understood nonprofit functions and industry terminology.

RSM stepped in over a three-month period to support the client to go-live. It assigned a dedicated project manager to the engagement and then helped the nonprofit optimize, configure and train its employees on NetSuite. Today, the nonprofit has real-time net asset reporting, reliable grant billing automation and better visibility into its procurement and accounts payable workflows. It also has better budget controls, an automated credit card reconciliation process and faster month-end close times by automating processes like releasing revenue from restriction. RSM advisors continue to provide managed support for the nonprofit through their ongoing support offering and look forward to upcoming engagements that will focus on NetSuite PBCS implementation and Salesforce to NetSuite integration.

Making a smooth transition

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If you're a nonprofit leader that's running on outdated legacy software, you're going to have a tougher time retaining talent, minimizing back-office costs and effectively reporting to donors. By implementing a robust, unified ERP like NetSuite, you can take the first step toward minimizing these and other challenges. With RSM in your corner as a trusted advisor, you'll get an implementation specialist that's familiar with the needs of nonprofits that will recommend leading practice solutions, challenge outdated processes and ultimately help ensure a successful implementation experience.

The Power of Being Understood is a promise to our clients and our people that when they work with RSM, they are working with professionals who will take the time to truly understand them, who will bring tailored ideas and insight to their environment, and who are committed to helping them make confident decisions about their future.

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