

UNIT4

In Business for You

A MOMENTOUS OPPORTUNITY
NONPROFIT INDUSTRY FOCUS



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A momentous opportunity

The Nonprofit sector today

Despite huge challenges, nonprofit organizations have a momentous opportunity to digitally engage with donors, boost productivity and deliver greater impact.

As our planet and the people on it evolve, and the technology we use progresses, donor expectations are escalating while competition for funding is rising. Nonprofit organizations are faced with increasing operational complexity and a colossal productivity challenge. Meanwhile, research shows NGOs are in dire need of modernizing; their use of outdated processes and legacy software is hindering their ability to be efficient and data-driven.

Golden opportunity

To break through these barriers each organization will need to challenge its own status quo and take advantage of the opportunity in the Everything as a Service (XaaS) economy. New digital technologies are set to drive productivity and boost operational efficiency.

Cloud computing has come of age and investment is set to grow. Organizations that have made changes to their business model in response to XaaS economy are already reaping the benefits.

At Unit4, we specialize in software products for service organizations, where people make the difference. Our technology is central to the organizations we serve — it improves efficiency and productivity, and allows people to spend more time on meaningful work. Read on to discover the reasons why and how your organization can embrace — and benefit from — a digital future.

So, is it time for you to change?



Office workers spend **one-third** of the working year completing administrative or repetitive tasks.



This lost productivity costs the service industry more than **\$5 trillion USD** annually.



Most office workers, especially young professionals believe **new technology** would improve their productivity.

[Let's look at the global trends affecting nonprofit organizations >>>](#)

An industry in transition

Eight industry megatrends

Funding diversification, the need for agility and the shift toward decentralization; digital engagement expectations, The Great Productivity Challenge and the agenda for greater transparency, accountability and compliance.

1. **More competition for funding** Political and economic turbulence is impacting funding streams. Protectionism is affecting policies and unpredictable global political climates are threatening the reliability of nonprofit funding streams. Diversification of funding sources is becoming a necessary survival tactic for nonprofits and many are beginning to adopt a more commercial business model.
2. **Solving the world's biggest problems is getting harder** Alongside political and economic turmoil, the need for more disaster relief and crisis support is being intensified by worsening climate change, armed conflicts and mass migration. The need for nonprofits to respond quicker and remain agile in the face of change is important for the world of the future, and crucial to their success.
3. **Increasing operational complexity** Donor support for more local initiatives is moving program delivery and administration away from the central control of international organizations. Multinational nonprofit organizations are decentralizing activities, creating new entities and branches, increasing their partnership work and evolving programs. These added layers of operational and organizational complexity are stretching financial controls and technology systems to the limit. It's becoming harder to consolidate IT, maintain visibility over data and bring it together to support decision-making.

4. **Rising donor expectations** Meanwhile, brand loyalty is being eroded and public trust is at risk as the profiles and expectations of private, individual donors change. Unless they are already emotionally connected to the cause, most supporters expect a consumer-grade experience from beginning to end. And it's not just younger generations; almost everyone wants to be engaged in a modern, digital way, like they would with any other connected service today.

When **Heifer International** partnered with **Unit4**, it digitized, automated and streamlined processes to enable innovation. The global charity increased and diversified revenue, scaled up program impact and increased transparency for donors and stakeholders. Operating in 25 countries, the organization reduced resources for financial consolidation by 90 percent and saved \$2.3m by streamlining hundreds of hours of financial processes. HQ staff operate with higher efficiency, freeing up time for analysis and strategic reporting; field workers spend less time on admin and more time on serving communities. The result is the ability to support three million families in need.

Unit4 ERP: "...has allowed Heifer to have a centralized, robust and integrated system to increase the impact we have around the world."

Steve Northcutt, Director of enterprise systems.

5. Raised compliance demands

One effect of these trends is increasing regulation. There is increasing legislation around privacy, data governance, fundraising ethics, safeguarding workers, cyber security and digital tax reporting. Also, alignment with initiatives like the International Aid Transparency Initiative (IATI) requires enhanced levels of reporting and digital expertise.

6. Greater need to demonstrate impact

Alongside regulatory compliance is the ever-present need to demonstrate impact and satisfy the diverse reporting requirements of multiple donors, while producing different reporting in line with individual requirements. As business models become more multidimensional, the pressure and complexity to maintain transparency and accountability on project progress, spending and social impact is mounting. Overcoming this is becoming steadily more challenging and ever more important.

7. The Great Productivity Challenge

Pervading these challenges is an increased focus on people productivity and organizational efficiency. In the XaaS economy, people-centered service organizations are using digital technology to streamline processes, integrate back-office systems and automate manual, administrative tasks. Overcoming The Great Productivity Challenge in this way creates space for people to add value to their organizations while building a more engaged workforce and lowering attrition.

8. Behind the digital curve

Overall, the nonprofit sector is being held back by a lack of technological leadership and an absence of aligned digital strategy. Most are still fragmented in the back office, many are unsure how to navigate digital transformation, and the majority are not developing strategies for integrated, business-wide systems. These organizations are failing to capitalize on the opportunities of digital technology in the XaaS economy.

Global Green Growth Institute standardized its core processes across 31 countries while allowing decentralization of operations to meet local country conditions. With Unit4 ERP, it has a flexible system that can be adapted to changing needs with little specialist support. Back-office processes are streamlined and paperless; and financial consolidation has been simplified. Real-time data is available to staff through self-service for up-to-date reporting to different stakeholders. Managers can monitor project progress and manage funds efficiently. The results are a 70 percent reduction in approval time, 50 percent shorter turnaround for financial closing and improved project start-up with on-time completion.

With Unit4 ERP: “...we’ve broken the barrier: the system is instantly available, it’s user-friendly, and gives us real-time information which is very useful for management decision-making.”

Sivabalan Muthusamy, Director of finance.

Let’s see what the analysts say about the Nonprofit sector >>>

According to research

Industry analysis

Here's what the researchers, analysts and experts are saying about the services industry.

The Great Productivity Challenge

According to research, workers lose one third of time to admin. Labor productivity growth in the US and Western Europe is at "near-historic lows."¹ Lost productivity is costing the service industry more than \$5 trillion a year, with the average worker spending one third of their working year completing administrative or repetitive tasks — time that could be better spent on their primary job duties and adding value through creativity. Yet, more than three quarters of office workers believe technology can improve their productivity, with nine out of ten workers in many countries saying they would use technology like digital assistants and software applications to manage repetitive tasks. This is The Great Productivity Challenge.

Digitalization set to drive productivity

Around 60 percent of the productivity boosting opportunities over the coming decade are set to come from digital². These include technologies that boost operational efficiency, reduce costs, streamline labor requirements and enhance innovation, as well as those that are reshaping entire business models and industries and changing barriers to entry.

Global productivity study:

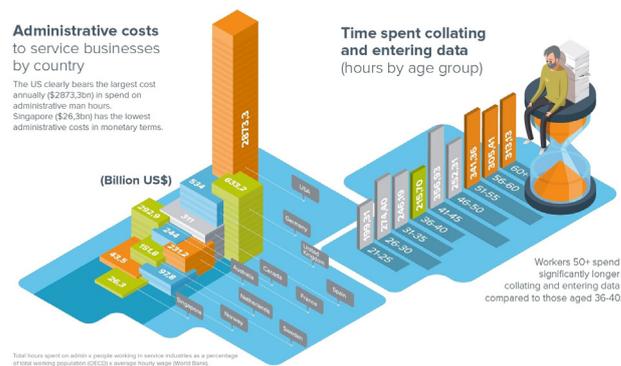
People spend 69 days on admin annually that could be spent on primary job duties.



The cost of lost productivity to the service industry

Administrative costs to service businesses by country

The US clearly bears the largest cost annually (\$2873.3bn) in spend on administrative man hours. Singapore (\$26.3bn) has the lowest administrative costs in monetary terms.



Total hours spent on admin a people working in service industries as a percentage of total working population (OECD's average hourly wage (World Bank))

 **Get the infographic**
To see the details behind the GLOBAL PRODUCTIVITY STUDY, please click here.

¹ McKinsey Global Institute (2018), [Solving the productivity puzzle](#)

² DJS Research (2017), [Office workers lose a third of their work time to admin](#)

Now let's hear from a global benchmarking study >>>

XaaS, the great revenue-booster

Organizations that have made changes to their business model to adapt to the XaaS economy are reaping the benefits³. More than three quarters have increased income, customer retention, product/services standardization and personalization in marketing their services. Of the organizations that have made changes to their business model, pricing or product and service offering, two thirds have extended services beyond their core market into international markets.

Cloud comes of age as spending grows

Almost eight out of ten (77 percent) enterprises have at least one application or a portion of their enterprise computing infrastructure in the Cloud. This number was set to grow to nine out of ten by 2019, with the rest expected to follow by 2021⁴. Spending on IT infrastructure for deployment in cloud environments was forecast to grow 11 percent to \$52 billion in 2018⁵.

NGOs in “dire need of modernizing”

“NGOs worldwide are in dire need of modernizing how they manage and secure their organization’s data”.⁶ The “outdated process” of managing donor contact information and transactions through Excel and legacy customer relationship management (CRM) software is “hindering NGOs and their ability to be efficient, data-driven organizations”. In an age of increased cybersecurity threats, enhanced data management and security is imperative. Many CRMs can now be seamlessly integrated with online fundraising and event management tools, as well as email marketing services.

³ DJS Research (2018), [XaaS business model transformation in global service industries](#)

⁴ IDG (2018), [2018 Cloud Computing Survey](#)

⁵ IDC (2018), [Spending on IT Infrastructure for Deployment in Cloud Environments](#)

⁶ Public Interest Registry and Nonprofit Tech For Good [2018 Global NGO Technology Report](#)

⁷ United Nations Conference on Trade and Development (UNCTAD), [press release \(2014\)](#)

There’s a pattern emerging — the leading nonprofit organizations are responding to these changes in the same ways >>>



Percentage of NGOs that use cloud-based CRM software to track donations and manage communications with supporters and donors⁶.



Percentage of NGOs that use a messaging app to communicate with supporters and donors, but this figure is set to increase “dramatically”⁶.



The estimated annual financing gap to achieve the Sustainable Development Goals for developing countries⁷.

Capitalizing on the opportunity

Strategic responses

There's a pattern emerging. In response to current megatrends, industry leaders are elevating the importance of technology within their organizations. Among these pioneers, there is no apathy toward digital transformation and enterprise resource planning (ERP) is rapidly becoming a familiar, accepted and well-understood term.

Delivering more impact

Leading nonprofit organizations are dedicated to finding more agile and efficient ways of solving the world's biggest problems. As a result, they have discovered technology systems that help them react quickly to organizational change while proactively responding to the unpredictable demands for their services. These systems help them create streamlined business processes to reduce admin costs and improve productivity. This provides frontline people with the ability to access and capture real-time information and approvals, enabling them to deliver services with greater efficiency than ever before. Digital solutions like these also provide unparalleled flexibility for non-technical employees to make changes to the system at the user experience level, with no need for IT or vendor support. This means that, as their organization changes, these industry leaders can tailor their systems much more quickly, at a lower cost and in a more self-sufficient, less disruptive manner. These organizations are delivering more impact with greater efficiency and agility.

Optimizing funding allocation

The best nonprofit organizations are taking steps to combat increased competition for funding, satisfy rising

donor expectations and meet the increasing need to demonstrate impact. As part of their digital transformation journey, they are investing in ERP technologies that allow them to optimize project grant funding and management. Using leading grant management tools they are not only meeting audit requirements and donor reporting demands but also recovering more of their costs against grants to free up precious, unrestricted funding to grow their organizations. And, by managing grants better they are developing stronger donor relationships, which will ultimately generate more money to help them deliver on their missions.

Making better decisions

In the face of ever-increasing operational complexity and growing data proliferation, the Nonprofit sector leaders are focused on aligning systems and unifying databases to become truly data-driven organizations. To this end, they are investing in modern ERP to present a single version of truth across all entities, guarantee real-time data and leverage emerging technologies such as artificial intelligence to automate tedious administrative tasks. They know that this means greater insight on their data direct from the field, which drives better, more timely decision-making. All this improves resource allocation efficiency and, ultimately, delivers greater impact. With this approach, and a fresh approach to investment in the right technologies these forward-thinking organizations can keep up to the digital curve.

Improving compliance & accountability

To restore public trust and meet rising demands from regulators, the most successful nonprofits are able to demonstrate increased spending on mission delivery while reducing administrative costs. To do this they are adopting the latest digital ERP platforms that harness new ways of managing costs and expenditures. They are tracking all transactions, documents and approval audit trails; monitoring and minimizing back-office spending; ensuring that projects are on-track and that there are no over-commitments. With this robust, transparent, end-to-end financial management, these industry pioneers are improving compliance and accountability.

**That's how the market leaders are reacting.
But, for the majority, many barriers remain >>>**

Finding your way through

Overcoming the barriers to success

For the majority of nonprofit organizations, the barriers to success are complex and challenging, but there is a way through.

From political and economic turmoil to new legislation and climate change, many barriers to success are out of your control. But many of the obstacles — changing donor demographics, evolving business models and increasing staff needs — are partly driven by the evolution of technology. As such, these obstacles can also be overcome by embracing it.



**But there's one non-negotiable requirement:
A COMMITMENT TO DIGITAL**

Legacy systems are not fit for the modern nonprofit economy. They were designed for the needs of the organizations of yesterday. They create a barrier to effective digital transformation, improved productivity and successful delivery of your mission. We are seeing this in organizations of all shapes and sizes — outdated technology is the biggest barrier to success for every type of nonprofit organization in every region of the planet.

Across multiple programs, projects and parts of the organization, inflexible, outdated technology systems make it difficult and costly to:

1. respond quickly to change
2. align data and systems, and streamline processes
3. capture and demonstrate program results and social impact
4. bring together accurate, timely data for planning, budgeting and decision making
5. gain clear insight into grant conditions and project spending
6. allocate funds efficiently for local projects
7. manage and track all costs and expenditure to spend more on program delivery
8. keep administrative and IT costs down

It doesn't need to be that way

There are solutions for hurdling the barriers that outdated technology systems create, and they are already commonplace. Hundreds of forward-looking nonprofits are managing complexity, engaging donors and improving productivity while making the lives of their people and those they serve better. And it's done, partly, by reducing — or eradicating — low-value tasks to create space for your people to do more work that really matters.

So, what is the answer? >>>

Game-changing solutions

Unit4 People Experience Suite

Unit4's next-generation enterprise software helps you deliver an exceptional People Experience for everyone your organization serves.

People Experience is a discipline applied to software development that prioritizes human impact — making work more productive, efficient and inspiring.

Our cloud-based enterprise software designed specifically for nonprofits is easier to use and manage, since real people, not just tech experts, use it. You can manage projects and processes that deliver value across your organization quickly and flexibly, according to your specific needs.

Unit4 People Experience Suite:

- Unit4 Enterprise Resource Planning (ERP)
- Unit4 Human Capital Management (HCM)
- Unit4 Financial Planning & Analysis (FP&A)

What This Means for You

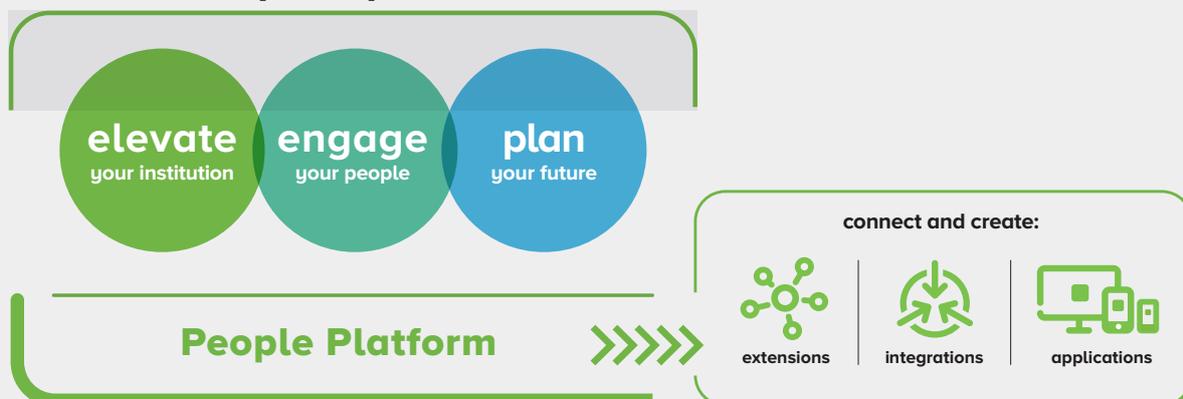
You can transform work to be more meaningful through software that's self-driving and adaptive, intelligently automating administrative tasks. This elevates engagement and helps you attract and retain the best people.

But People Experience is not only about personal motivation — it's also about managers and staff working better together to improve organizational results. In all, freeing people to focus on what matters improves how work feels, and means you can better serve your people.



Discover how Unit4 can help your organization

Unit4 People Experience Suite



UNIT4
In business for people