

Donor Management Systems Use and Satisfaction

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A KAREN GRAHAM CONSULTING REPORT

by Karen Graham and Tom Lehman

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Welcome

One of the most common inquiries we receive at NTEN goes something like this: “I work at a nonprofit, and I think we need a new database, but when I looked online, there were just too many to choose from. Can you tell me which one you recommend?”

NTEN does not recommend individual technology products, but it would also be impossible for us to make a recommendation without knowing so many of the factors that are critical for influencing that choice, including staff and constituent needs, existing systems and integrations, program and engagement models, and much more. Instead, we want to support equitable and strategic technology decisions, whether for a Donor Management System or anything else. This is why we are happy to partner on the 2024 DMS Use and Satisfaction Report and help distribute the findings and insights to the sector.

Over the last 20 years, NTEN’s research has consistently surfaced a few important realities:

- **Organizations of all sizes can be effective:** Figure 1 shows that organizations at more advanced stages of fundraising maturity tend to experience greater fundraising success. While it makes sense that organizations that have more systems in place to support fundraising are able to see better results, it would be

wrong to assume that only large, well-resourced organizations are capable of doing so. NTEN’s long-term finding is that organizations of all budget and staff sizes are present at every stage of overall technology effectiveness. Investment in your systems allows staff to have more support and tools to do their jobs well. However, it isn’t simply about having more money to buy more technology that makes an organization successful with a DMS or other systems. Instead, as this study suggests, it is how you use the tech you have, regardless of cost, that matters most.

- **How organizations use tech matters:** We have seen repeatedly over the years that nonprofit staff in organizations of all kinds say they have the tech they need but don’t have the training to use it well. That means improvement isn’t usually a matter of buying a new product and migrating to a new system but actually about providing adequate training for all staff to use the tools well. Figure 3 shows that customers using the same set of products report very different values to their work. Training can be a big key here, and it’s something that both nonprofits should invest in for their staff and that technology providers should prioritize in their product package offering.
- **Invest in tech leadership:** NTEN research has shown that organizations are more successful with their

technology when they acknowledge tech decision-makers, regardless of title. These staff are critical for leading and supporting technology planning, implementation, and decision-making. Technology underpins and enables other organization strategies, and it is critical that these staff are involved in those conversations. The tech leadership role on staff goes beyond technical project planning and requires an experienced practitioner who can be part of senior-level organizational strategy development and planning. While these roles can overlap in some cases, and especially in smaller organizations where staff often have combined duties and roles, most respondents to this survey say this senior leadership role is absent in their organization. Not having a strategic technology leader inside the organization may be a limiting factor in gaining maximum benefit from investments in technology.

No matter the size of your team or your budget, no matter the type of fundraising you have planned, investments in technology are more likely to be successful when training and leadership development are invested internally, too. You can do this!



Overview

THE DONOR MANAGEMENT LANDSCAPE

In an online survey of 379 nonprofits conducted from October 2023 through March 2024, we found that nearly all organizations now use a Donor Management System. While there are many DMS products now available, the market is dominated by a handful of providers, especially among larger nonprofits. While the mix of products used by smaller organizations is broader, most are using just a half dozen or so of those products.

Satisfaction is generally high across most features. Likely-to-recommend ratings are also high. Exploring the DMS attributes listed here may help you evaluate the DMS products you are considering.

Increasingly, organizations are choosing to continue with their current DMS solution rather than switching to a new DMS, often due to familiarity and a desire to avoid disruption.

In the past, many smaller organizations were seeking their first DMS as a replacement for local office applications or custom solutions. That has changed. Smaller organizations now report using DMS products at similar rates to larger ones. If you're considering a new or replacement DMS, ensure that the new software can accommodate your organization's growth and evolving needs since one common reason organizations cite for replacing an existing product is that they outgrew its capabilities.

Choosing a DMS that fits your organization's needs is, of course, important. However, it is only one factor in fundraising success. We found that having a more mature fundraising strategy was highly correlated with year-over-year fundraising growth.

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What We Learned about Fundraising Success

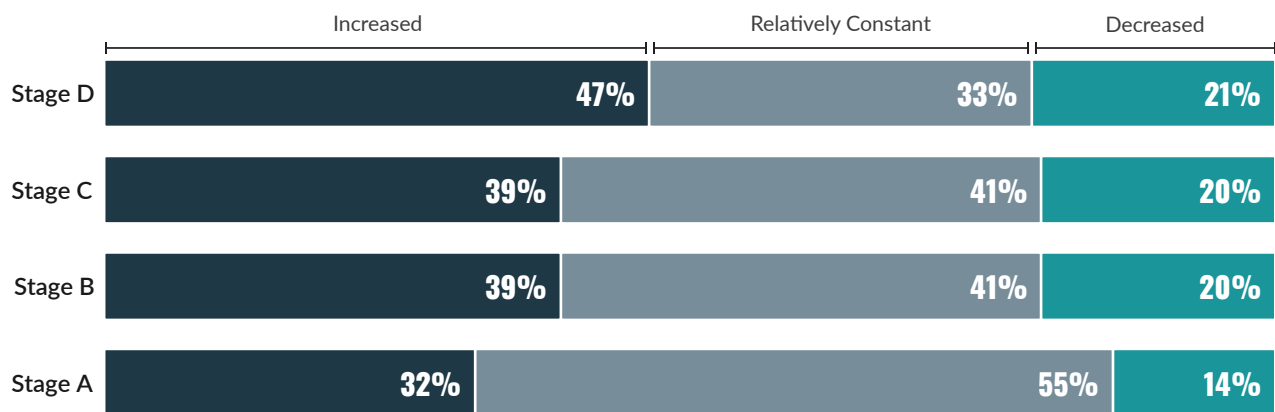
For buyers of Donor Management Systems, it can be helpful to understand the relationship between fundraising practices, success, and DMS use.

For this year’s study, we devised fundraising maturity stages that incorporate levels of planning and strategy, staffing and processes, and general sophistication of fundraising programs. Respondents placed themselves in one of four categories that, in their judgment, best described their practices. Stage A was the lowest level of maturity, with mostly manual and ad hoc processes. Stage D was the highest, with formal and sophisticated fundraising strategies.

Our data shows a notable correlation between the sophistication of fundraising practices and success rates. **Organizations at more advanced stages of fundraising maturity tend to experience greater fundraising success**, with nearly half of those in the most mature stage seeing year-over-year increases.

FIGURE 1

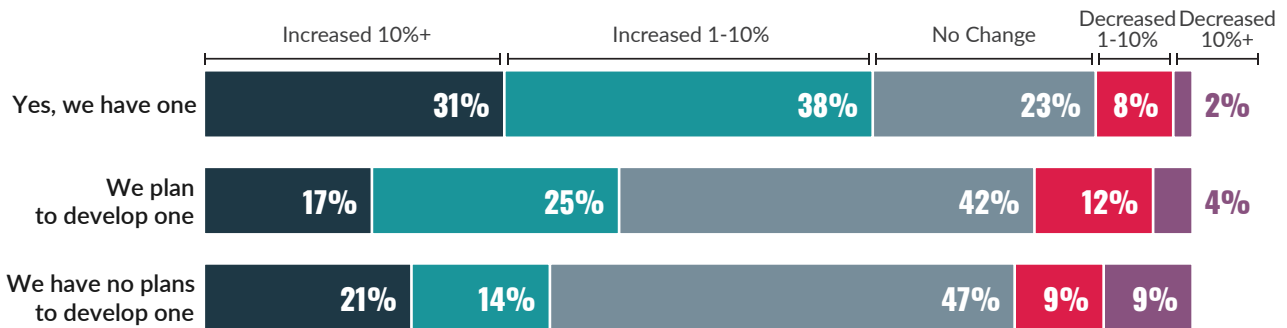
CHANGE IN FUNDRAISING BY MATURITY LEVEL



While we did not ask about fundraising maturity in the same way in prior studies, in 2017, we found that organizations with a formal engagement plan were generally more likely to see an increase in fundraising revenue.

FIGURE 2

FORMAL ENGAGEMENT PLAN AND FUNDRAISING CHANGE 2016-2017

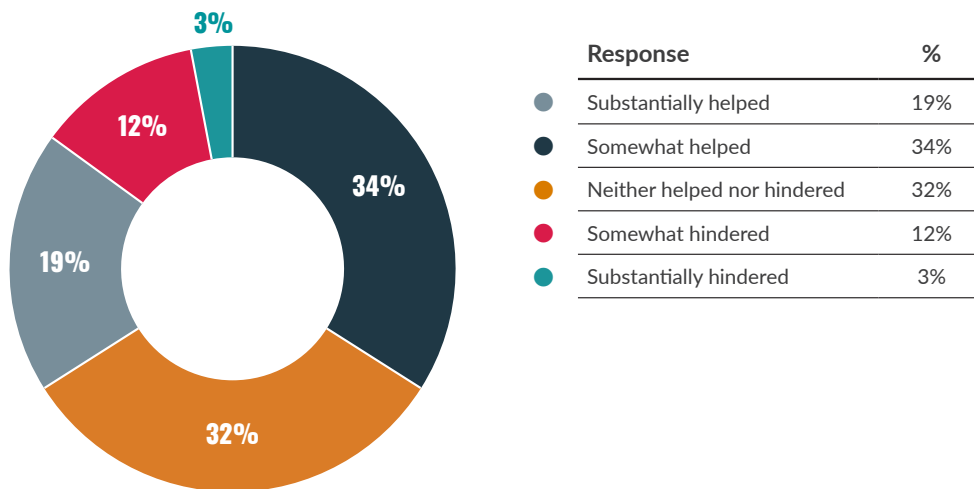


Organizations rely on their DMS for fundraising success. Half of the respondents believe their DMS made a positive contribution to fundraising results. However, a third perceive their DMS as neither aiding nor obstructing their efforts, and 15% said it actually hindered fundraising.

Why is that the case? It seems unlikely that this is due to a difference in which products organizations are using. Many higher and lower-performing organizations are using the same products. A better explanation might be a difference in how customers are using those products.

FIGURE 3

PERCEPTION OF DMS IMPACT ON FUNDRAISING



These data suggest that some nonprofits are struggling to unlock the return on investment from their DMS. As buyers evaluate DMS options, this underscores the importance of selecting a provider that offers robust educational resources and ongoing support to help the organization take full advantage of DMS capabilities and optimize fundraising outcomes. It also points to the roles of leadership and culture in technology success.



Donor Management Solutions

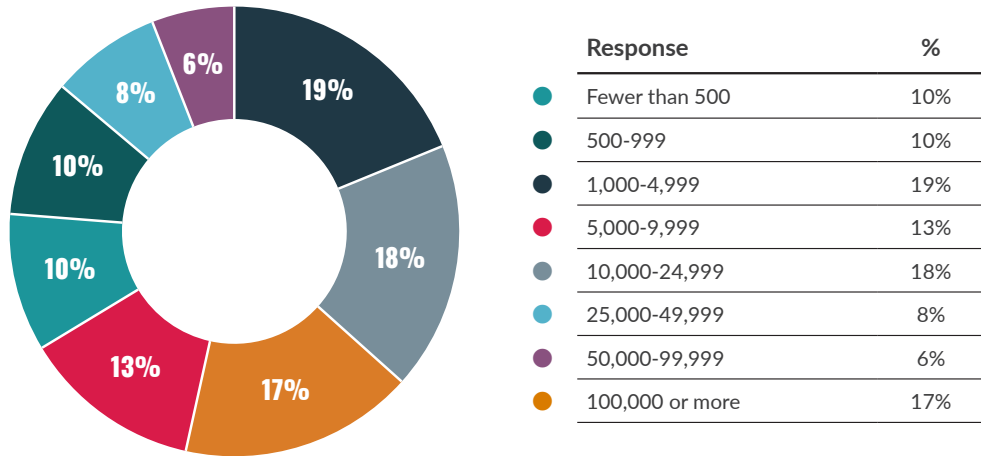
The vast majority of nonprofits use a DMS. DMS adoption has increased, with 94% of all respondents now using a DMS compared to 75% in 2014. This increase is driven primarily by smaller organizations, where adoption rates have increased from 60–80% to over 90%. There's also a shift toward larger databases, reflecting growth in outreach and engagement.

The number of donor records being tracked has substantially increased, with almost a quarter tracking more than 50,000 donors, suggesting that organizations, particularly larger ones, have expanded both the reach and sophistication of their fundraising programs.

FIGURE 4

NUMBER OF DONORS IN DMS

Potential buyers may want to consider providers that offer scalable solutions capable of accommodating growing databases and evolving fundraising strategies.





Most Frequently Used DMS Products

In a landscape with many options, a few key players continue to dominate the DMS market. **The four most commonly used products are Salesforce, Raisers Edge NXT, DonorPerfect, and Bloomerang.**

FIGURE 5

MOST FREQUENTLY USED DMS BY BUDGET SIZE

\$10M and over	\$5M - 9.9M	\$1M - 4.9 M	Less than \$1M
Raisers Edge NXT	Salesforce	Salesforce	Salesforce
Salesforce	Raisers Edge NXT	DonorPerfect	DonorDock
DonorPerfect	DonorPerfect	Raisers Edge NXT	Bloomerang
			Little Green Light
			EveryAction



Purchasing a DMS

How often do people revisit their DMS choice? On average, **organizations consider whether to purchase or retain a DMS every three to four years.** This pattern has held fairly steady over the past ten years.

More than ever, **people seem predisposed to stick with their current system,** even if it's not perfect. Retention rates are increasing, up from 41% in the 2019 study to 50% in the 2024 study. Organizations were also more likely to consider renewing with their current provider and less likely to consider switching at the last decision point.

Staff are familiar with the system. Continuing with an existing product is cheaper, easier, and less disruptive than installing a new one, and it avoids unknown risks associated with a new product.

Buyer's remorse is uncommon. Almost three-quarters of respondents said they would be likely to make the same decision again—an improvement from previous studies, suggesting that providers are doing a better job meeting implementation and performance expectations.

Choosing and implementing a DMS is a major undertaking for any nonprofit, requiring the allocation of financial and staff resources. Organizations cite the following most common barriers to making a purchase and reasons for switching to a new product.

FIGURE 6

FACTORS IN CONSIDERING CHANGING TO A NEW DMS

Top barriers to purchase	Top reasons to change
Low staff capacity for evaluation	Gaining additional capabilities
Low staff capacity for implementation	Improved ease of use
General satisfaction	Increased integration capabilities
Disruption	General dissatisfaction
Cost	

Looking ahead, **organizations intend to prioritize attributes like cost/pricing, ease of use, tracking and reporting capabilities, and training resources on best practices in their next DMS purchase.** Although artificial intelligence is not yet a primary consideration for most buyers, we expect it may become a significant factor in future purchase decisions. Corporate social responsibility practices are also emerging as a factor, with two-thirds of respondents saying diversity, equity, and inclusion practices and statements would influence their next purchase decision.

Recommendations and input from colleagues play a significant role in the decision-making process, with nearly two-thirds of respondents citing them as important sources of information. This is the most frequently cited resource among those presented to respondents.



DMS Satisfaction

The likelihood of recommending a product is a good proxy for overall satisfaction. Overall, **respondents were more likely than not to recommend their current DMS product**, with an average score of 6.9 on a 10-point scale. However, sentiments varied, with about 30% of respondents expressing a likelihood of 5 or lower for recommending their current DMS.

Examining satisfaction with specific DMS attributes provides a more nuanced view into what might be driving these likely-to-recommend scores. Respondents assigned satisfaction ratings across 30 distinct areas of functionality and services using a ten-point scale. These satisfaction ratings are in the same mid-range we have seen in previous studies, with average scores from 4.8 to 7.8 and an overall average of 6.2. This is not unusual for enterprise-level applications in other markets.

These numbers provide valuable insights into how well the features most critical for your organization are supported. A high satisfaction rating suggests a given feature is well supported by most leading DMS products. A lower rating may prompt you to examine how a prospective DMS product handles that function to make sure it meets your needs.

The following chart shows the overall satisfaction ratings given by respondents for their primary DMS.

FIGURE 7

SATISFACTION BY FEATURE



Looking at the relative importance of these attributes puts the satisfaction ratings into perspective. Basic reporting capabilities, ease of use, data security, data import and export, online donations, technical support, and recurring donations were the seven most important items. Each of these was rated important or very important by more than 90% of respondents.



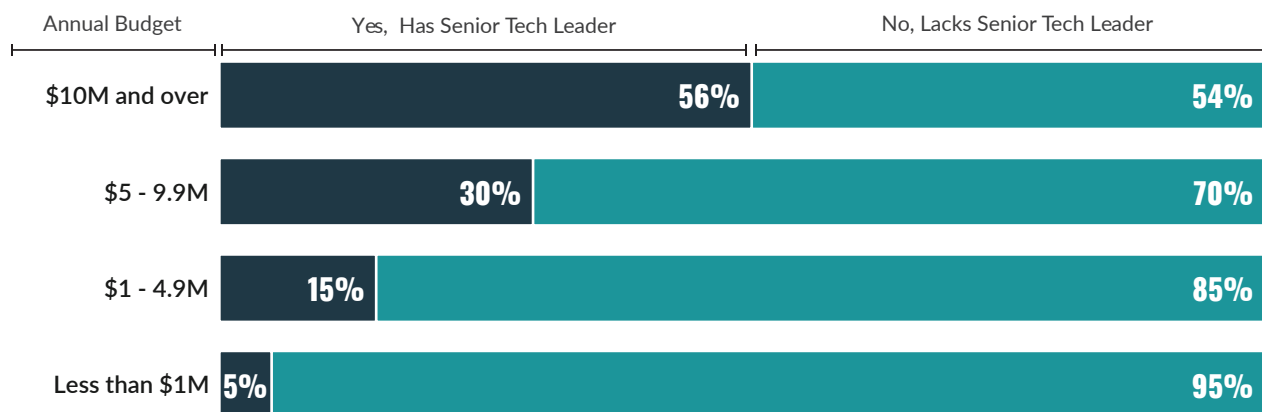
Technology Landscape

Most organizations accept traditional contribution payment methods, including credit cards, cash, and checks. Reflecting rapid adoption in consumer and business transactions, **there appears to be a growing interest in alternative payment methods** such as digital wallets like PayPal and Apple Pay, digital transfers, and cryptocurrency. Many organizations are considering or planning to accept these alternative payment methods within the next year.

In terms of senior technology leadership within nonprofits, progress has been slow. Only about a quarter of organizations have a senior technology leader, such as a Chief Information Officer or Vice President of Information Technology. Larger organizations are more likely to have such positions, but even among them, the presence of a senior technology leader is far from guaranteed. This **lack of technology leadership presents a challenge for nonprofits** since it can inhibit the strategic use of technology, not only for fundraising but in all areas of the organization. The presence of a senior technology leader leads to better opportunities for innovation, decreased exposure to cybersecurity and business continuity risks, more evidence-based decisions and forecasts, and stronger knowledge management and collaboration in nonprofits.

FIGURE 8

SENIOR TECHNOLOGY LEADER - ON STAFF OR CONTRACT



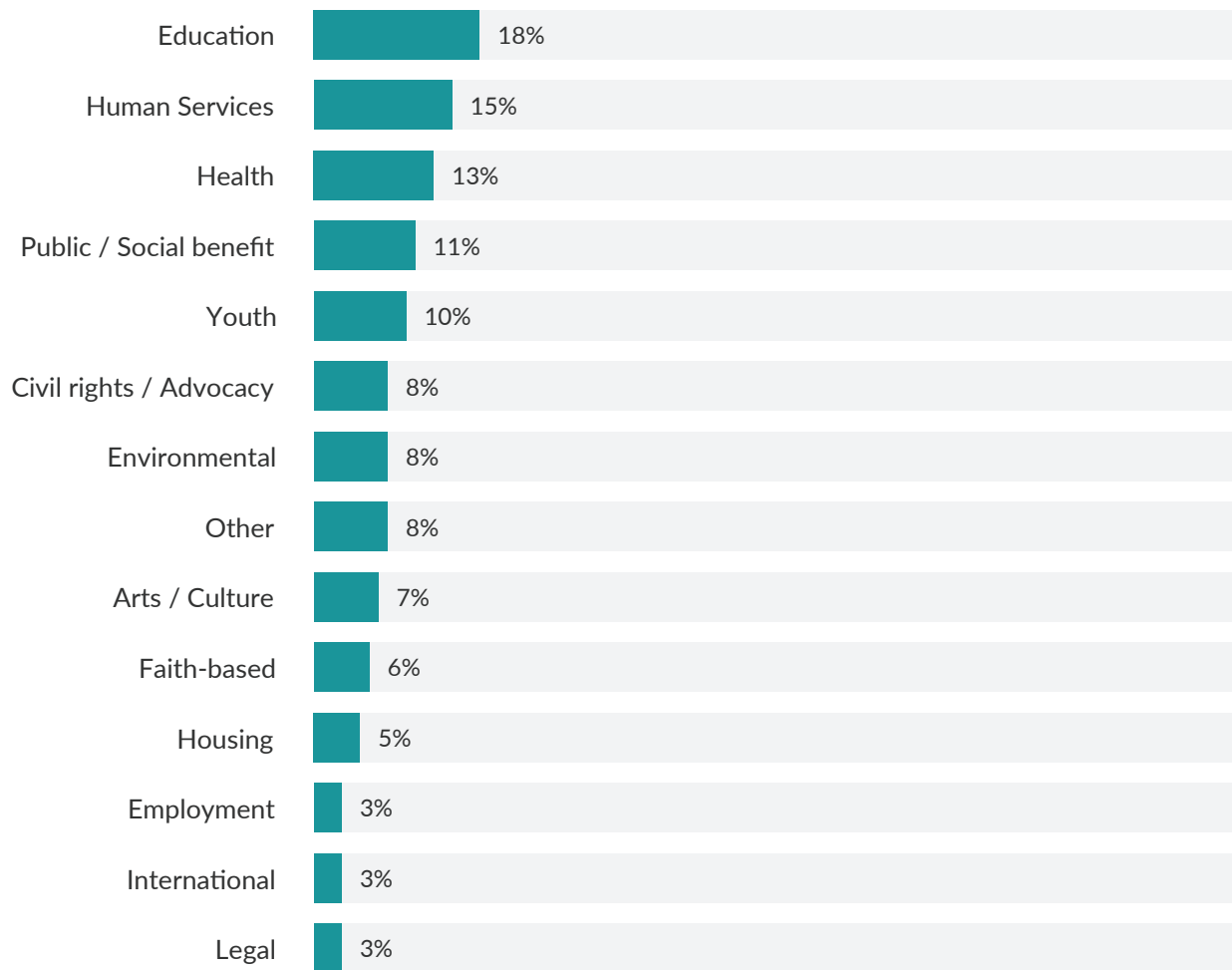
Sample and Methodology

SAMPLE ATTRIBUTES

Organizations included in the sample represent a wide range of programmatic focus areas.

FIGURE 9

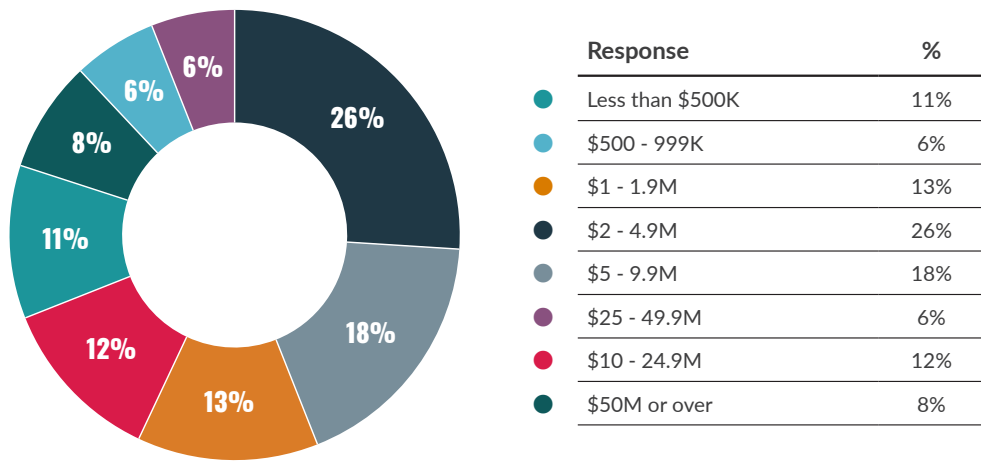
PROGRAM FOCUS



The study included a cross-section of nonprofit organizations of varying budget sizes that raise funds through individual donors.

FIGURE 10

DISTRIBUTION OF ANNUAL BUDGET SIZES



METHODOLOGY

We gathered data from this study via an online survey of 379 nonprofits conducted from October 2023 through March 2024. Distribution included a list drawn from IRS 990 filings, NTEN email subscribers, Karen Graham Consulting email subscribers, social media postings, and other sources.



About the Authors

Karen Graham is a writer and consultant with expertise in technology leadership and innovation, nonprofit software, and digital strategy. No stranger to research, Karen was the Executive Director of the national nonprofit Idealware, where she oversaw and participated in numerous Consumer Guides and other nonprofit technology publications. She also served as Chief Advancement Officer for Tech Impact and has over 20 years of experience in fundraising. Karen is a frequent speaker at events such as NTEN's Nonprofit Technology Conference and has appeared on broadcasts such as NPR's Marketplace Tech and Nonprofit Radio.

Tom Lehman is president of Lehman Associates, LLC, a research and strategy firm he founded in 1991. He has consulted with dozens of national and regional nonprofits on technology strategy and associated research and served as a contract CIO for a large Maryland-based medical education association. In 2005, Lehman developed the Lehman Reports series of industry reports to provide market and competitive intelligence to technology providers serving nonprofit markets. The initial studies focused on Association Management Software (AMS) products. He developed the Donor Management Software (DMS) series in 2013. Past experiences included a management position with Control Data Corporation developing and marketing early online services in the 1980s, and serving as a Senior Research Associate at a research group at the University of New Mexico.

For more information about this and future studies, please contact Karen at dmsstudy@karengrahamresearch.org.



ABOUT NTEN

We are creating a world where missions and movements are successful through the skillful and equitable use of technology.

We build transformative power by connecting people who are putting technology to work for social change. We strengthen their individual and collective capacity for doing good by offering expert trainings, researching effective approaches, and providing places where relationships can flourish. We relentlessly advocate for redesigning the systems and structures that maintain inequity.

NTEN reports support the sector's growth and development by benchmarking nonprofits' technology goals and challenges and identifying areas of need.

For more, visit nten.org/publications.

APPENDIX:

Data Tables

These tables increase the accessibility of this report for readers with disabilities. Each table corresponds to the chart with the same number in the narrative.

TABLE 1. Change in fundraising by maturity level

Stage	Increased	Relatively Constant	Decreased
Stage A	32%	55%	14%
Stage B	39%	41%	20%
Stage C	39%	41%	20%
Stage D	47%	33%	21%

TABLE 2. Formal engagement plan and fundraising change

Response	Increased 10%+	Increased 1-10%	No Change	Decreased 1-10%	Decreased 10%+
We have no plans to develop one	12	8	27	5	5
We plan to develop one	49	73	122	35	12
Yes, we have one	100	123	74	25	5

TABLE 3. Perception of DMS impact on fundraising

Response	%
Substantially helped	19%
Somewhat helped	34%
Neither helped nor hindered	32%
Somewhat hindered	12%
Substantially hindered	3%

TABLE 4. Number of donors in DMS

# of Donors	%
Fewer than 500	10%
500-999	10%
1,000-4,999	19%
5,000-9,999	13%
10,000-24,999	18%
25,000-49,999	8%
50,000-99,999	6%
100,000 or more	17%

TABLE 5. Most frequently used DMS by budget size

\$10M and over	\$5M - 9.9M	\$1M - 4.9 M	Less than \$1M
Raisers Edge NXT	Salesforce	Salesforce	Salesforce
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TABLE 6. Factors in considering changing to a new DMS

Top barriers to purchase	Top reasons to change
Low staff capacity for evaluation	Gaining additional capabilities
Low staff capacity for implementation	Improved ease of use
General satisfaction	Increased integration capabilities
Disruption	General dissatisfaction
Cost	

TABLE 7. Satisfaction by feature

Feature	Average rating on a 10-point scale	Feature	Average rating on a 10-point scale
Data security	7.8	Integration w/marketing campaigns	6.2
Basic reporting capabilities	7.3	Customer success program	6.1
Recurring donations	7.2	Integration w/accounting	6
Online donations	7.2	Development direction	6
Data import and export	7	Advanced reporting, BI	6
Tracks relationships, householding	6.9	Cost and ease of upgrade	5.9
Ease of use	6.9	Planned giving	5.8
Technical support	6.6	Engagement scoring	5.8
Website / CMS integration	6.3	E-commerce capabilities	5.7
360-degree view of donors	6.3	Events management	5.6
Campaign planning and management	6.3	Integration (other than accounting)	5.6
Mobile access for staff	6.3	Grants and donor-advised funds	5.6
Append external data	6.3	Member / Donor self-service	5.3
Average	6.2	Peer-to-peer / Personal fundraising	5
Major gifts, moves management	6.2	Chapters / Affiliates support	5
		AI capabilities	4.8

TABLE 8. Senior Tech Leader (on staff or contract)

Has CIO/Sr Leader?	Less than \$1M	\$1 - 4.9M	\$5 - 9.9M	\$10M and over	All
Yes	5%	15%	30%	56%	26%
No	95%	85%	70%	54%	74%

TABLE 9. Program focus

Type of Org	%
Education	18%
Human Services	15%
Health	13%
Public / Social Benefit	11%
Youth	10%
Civil rights / Advocacy	8%
Environmental	8%
Other	8%
Arts / Culture	7%
Faith-based	6%
Housing	5%
Employment	3%
International	3%
Legal	3%

TABLE 10. Distribution of annual budget size

Budget Size	%
Less than \$500K	11%
\$500 - 999K	6%
\$1 - 1.9M	13%
\$2 - 4.9M	26%
\$5 - 9.9M	18%
\$25 - 49.9M	6%
\$10 - 24.9M	12%
\$50M or over	8%