

Creating permanent positive change

DIGITAL TRANSFORMATION IN THE
NONPROFIT SECTOR



Introduction

Digital transformation accelerated significantly during the pandemic and has permanently changed the way charities and nonprofit organizations operate. Behind the obvious changes – such as remote working and the rise of digital fundraising and events – collaborative technology is enabling everything from internal operations and financial management to recruitment and employee engagement. Integrated internal tools and systems are empowering charity professionals across all departments to experience greater engagement and achieve their mission.

This whitepaper shares how charities and nonprofits have found success through digitalization and the deployment of collaborative technology – and some of the benefits that digital transformation can deliver for your organization and your people.



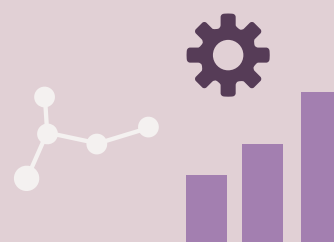
A challenging legacy

Digital systems and cloud operations are the next frontier for charities. However, back-office functions such as HR, finance and planning often lag innovation, relying on legacy software that doesn't make use of valuable data sources housed in other systems. Today the investment in the right systems is no longer the sole responsibility of IT leaders; all department leaders and system users have a stake in its success.

The responsibilities of nonprofit leaders are complex and far-reaching. You must work to automate processes, improve productivity, create greater levels of transparency and visibility, enhance the governance of the organization, adhere to changer reporting regulations and strengthen the team's decision-making and strategic focus. All those efforts are made easier with the right tools in place.

Many charities are turning to joined-up, purpose-built digital solutions for finance, planning and HR to help manage projects, programs, grants and funding in order to maximize their resources, to reduce costs, increase transparency and accountability. The ability to provide your people with solutions designed for their industry that enables flexibility through workflows that work for them, and that can quickly adapt to changing internal and external expectations, conditions, or priorities, is essential in today's changing world.

Unit4 has developed a nonprofit ERP software platform specifically for people-centric charitable organizations. When it comes to ERP, one size does not fit all, which is why we've developed specific "industry models" for the implementation of our solutions. These take advantage of our experience working alongside key industries for decades and our knowledge of their particular needs and requirements.



Siloed by default and by design

Working in internal silos can make it hard for charities to effectively measure impact and deliver their mission. And legacy software that cannot be adapted to changing circumstances, priorities and workflows, or is only used by certain departments without sharing data more widely, is also a huge hindrance.

When a charity uses multiple systems, software and tools across and has different processes across their operational environment, it becomes even more challenging. Recent research indicates that most organizations draw on between 100 and 250 software applications – and the idea of trying to connect an ecosystem of this size can seem impossible.

With the ability to connect to other data sources, a modern ERP allows individuals and teams to create custom functionalities, and test and adapt effectively through intelligent automation. Digital interoperability – the ability of today’s software systems to exchange information easily – removes the strain of transformation, delivers agility through the back office, enables automation throughout admin and data management, and proactively highlights risks and opportunities.

A single, connected software platform helped enable more joined- up ways of working for humanitarian agency Medical Teams International, which supports more than

2.8 million people in crisis across nine countries. Initially, the team’s Ugandan office was hampered by rudimentary, manual finance and HR processes. Their new ERP platform, developed with Unit4, gave a single, integrated view of finance, HR and payroll. “For the first time, we had a complete picture of our finance situation, a clear profile of people in-country, and a reliable, automated payroll system,” says IT director Stephen Dean.

The successful deployment in Uganda coincided with a strategic decision within the organization to adopt a more international outlook, with a five- year goal to triple their impact globally. The cloud-based platform was rolled out for wider implementation, allowing them to break free from legacy in-country systems, standardize operations worldwide and scale up service delivery.

It also makes the organization highly agile, notes Dean. “If we urgently need to deliver humanitarian relief in a new area, we can ‘copy and paste’ the platform into that region, rapidly supporting their finance, procurement and HR needs. Because it’s in the cloud, we can literally have one person there with a laptop, and be operational very quickly.”



Reducing the admin burden

The average worker spends more than a third of their time keeping on top of admin and performing repetitive tasks. In the charity sector, rising funding pressures and donor expectations – combined with mounting regulatory demands and the challenging realities of a post-pandemic world – are creating operational complexity. And as that complexity grows, people often lose more time to paperwork.

The shift towards remote working in the pandemic was disruptive for everyone, but especially for the least digitally minded organizations, with 15% completely unprepared, technologically or culturally, for a situation that required staff to work from home. Disparate, off-line systems meant people struggled to access data or complete everyday tasks.

When your people aren't bogged down by heavy administrative workloads, are empowered to take control, and can trust transparent organizational data, they have more energy to collaborate and innovate to help your organization run efficiently, and will deliver more impact in the communities you serve.

Automation streamlining process and improving visibility

The National Oceanography Centre (NOC) is one organization that has discovered how digital transformation can reduce its admin burden. Publicly funded until 2019, the organization needed to transform into an independent non-profit institution and replace the finance, HR and procurement systems previously provided by the government. With Europe's largest fleet of robotic vehicles and two state-of-the-art research ships, NOC wanted complete visibility over its operations while automating low-value tasks, so staff could focus on more strategic responsibilities.

The Centre's cloud-based ERP solution made systems accessible from anywhere, including on board remote ships, and made upgrades non-disruptive. Automated email notifications reduced the volume of employees' outstanding tasks by 20%, and a unified HR platform facilitated better employee support.

"As the platform is rolled out, new modules can be integrated and more resources will be freed up to focus on oceanographic research, and we will have timely and complete financial insights," says Sean Barrett, ERP manager at the National Oceanography Centre.

72%

of charities are actively working towards digital progress, from tools to technology and skills.¹

79%

of US nonprofits plan to prioritize talent acquisition in 2022.²

48%

of CHROs state that their current HR technology solutions hinder, rather than improve, employee experience.³

¹ Charity Digital Skills.co.uk - DigitalSkillsReport 2022 - <https://charitydigitalskills.co.uk/wp-content/uploads/2022/07/Charity-Digital-Skills-Report-2022.pdf>

² Nonprofit HR Talent Management Survey 2022

³ Gartner, 2021 HR Leaders Agenda Poll

Data-driven insights and proactive planning

It's no longer enough to make a budget, forecast or financial plan at the beginning of the year based on the best numbers available. The pandemic and changing regulations have meant nearly two years of disruption to income, profit and services – and organizations that have updated their financial planning processes are able to be more agile and responsive as circumstances change.

Cloud-based systems and better access to more frequent data mean targets and project spending limits can be quickly redefined – as the National Trust has found. The largest conservation charity in Europe, the National Trust has 5.6 million members, 65,000 volunteers and 13,000 staff, and a complex funding structure with income from subscriptions, donations, investments, entrance fees and commercial services. Many strands of its work can only be funded the money intended for that project; but fragmented legacy systems and overlapping manual processes made it difficult to see how much had been spent, and on what.

The trust recently rolled out a new ERP platform spanning finance, procurement and asset management to enable faster, better-informed decision making. Stakeholders can drill down into individual project funding and issue purchase orders to suppliers, while 'gates' alert teams when budget thresholds are about to be reached.

Finance manager Robert Wood says the transformation has been dramatic: "In the past we analyzed project funds annually, now we do it every month. The frequent reporting ensures we stay within our spending parameters and deliver on our conservation remit."

The intelligent approach has played a vital role as the organization deals with the aftermath of the Covid-19 lockdowns that brought visits and events to a standstill, resulting in tens of millions of pounds of lost support. "We needed to act quickly and make dramatic savings to ensure we are sustainable in the future," explains Wood. "Our ERP was vital in determining where we prioritize investment and gave us the facts to revise spending plans, change the way we operate, and prepare for the future."

Innovation measuring success

A cloud-based ERP solution also means that new systems and ways of working can be road-tested with minimal disruption and rolled out to other regions or departments as needed.

The Global Green Growth Institute (GGGI), an inter-governmental international development organization, also standardized operations across more than 30 countries with its suite of ERP systems, including finance, HR, payroll, costing and procurement. The technology has allowed GGGI to road-test a new self-service module for managing expenses, requisitions and absence.

82%

of charities see digital as either a much greater or more of a priority as a result of the pandemic.⁴

⁴ Charity Digital Skills.co.uk - DigitalSkillsReport 2022 - <https://charitydigitalskills.co.uk/wp-content/uploads/2022/07/Charity-Digital-Skills-Report-2022.pdf>

The combined measures resulted in the time needed for finance approvals being reduced by 70% while financial-close processing time was cut by 50%. There was reduced reliance on paper-based systems as processes became automated, while the ERP's budgeting and timesheets allowed resource utilization to be tracked effectively and staff costs based on project time could be better understood. Finally, the new systems gave proven scalability for the organization's continuing expansion, and the vital ability to adjust to different country requirements and the changing demands of stakeholders.

"The pressure to secure funding is increasing, and donors are being more selective," says GGGI director of finance Sivabalan Muthusamy. "Our centralized and country-based management teams have now the access to reliable data at any time, from any device. We have made efficiency gains, improved our responsiveness to emerging trends, and created a finance model built for the future of green growth."

Creating a great people experience

With good people harder to find and keep than ever, talent management should now be a top priority for every charity. Word-of-mouth referrals, trial-and-error job listings and traditional engagement tracking (such as annual surveys) can no longer be relied upon.

Organizations that have functioned well during the pandemic have strategies for measuring employee engagement and are investing in technologies to monitor and improve employee wellbeing as well as fully support remote working. The mission is no longer the main attraction for charity employees.: Non-profits need to create a great People Experience that unites and better connects the organization with its people – the drivers of success.

Proactively measuring and building engagement digitally can make every part of the employee life cycle easier to manage. For example, the latest talent management tools not only allow you to determine the gaps you have now, but can also predict the gaps you're likely to have in 2, 5, and 10 years' time. Customized learning management systems identify outside resources and experts to bring into your own ecosystem, bolster upskilling and create bespoke career development paths.

Integrating HR and project management data ensures that people are working where their skills are most valuable or are gaining on-the-job experience in developing skill areas.

Engagement can be measured through regular anonymized pulse surveys where staff are asked a few questions about their experiences, and sentiment analyzed. Coupled with scheduled conversations with line managers, problems can be remediated as they arise, and flight risks highlighted.

From measuring engagement and facilitating one-on-one conversations to tracking objectives and providing employees with an easy-to-use LMS that will drive development, charities need solutions that are proven to help make informed business decisions and to improve the employee experience, thereby reducing churn and attracting great talent.

Next steps for nonprofit organizations and digital transformation

Digital transformation must create a positive people experience that empowers your talent to do their jobs more cost effectively and lessen the burden of administrative work, so that they can deliver greater efficiencies and enable you to deliver on mission more effectively. The next generation of back-office systems delivers the agility your organization needs to build real resilience – as well as offer a user experience that your people are keen to embrace. It must let everyone in the organization use it in the way that suits their needs, preferences and expectations.

38%

say upskilling staff and volunteers is the 2nd greatest barrier to digital progress.** 4

For charities delivering digital services, 51% have recruited for digital roles this year. **

Tools and best practices to help you survive and thrive

Nonprofit organizations need an affordable, scalable, easily deployable Enterprise Resource Planning (ERP) platform that can adjust to the changing needs of their business. These solutions can help nonprofits streamline and improve their financial management, workforce management, process management, and other capabilities.

Unit4 ERP for nonprofits gives you a better way to manage projects and programs, grants and funding, and the people who make it all happen. With an intuitive and flexible cloud-based platform, your people can stay focused on what matters—delivering more impact to achieve your mission. It does this by:

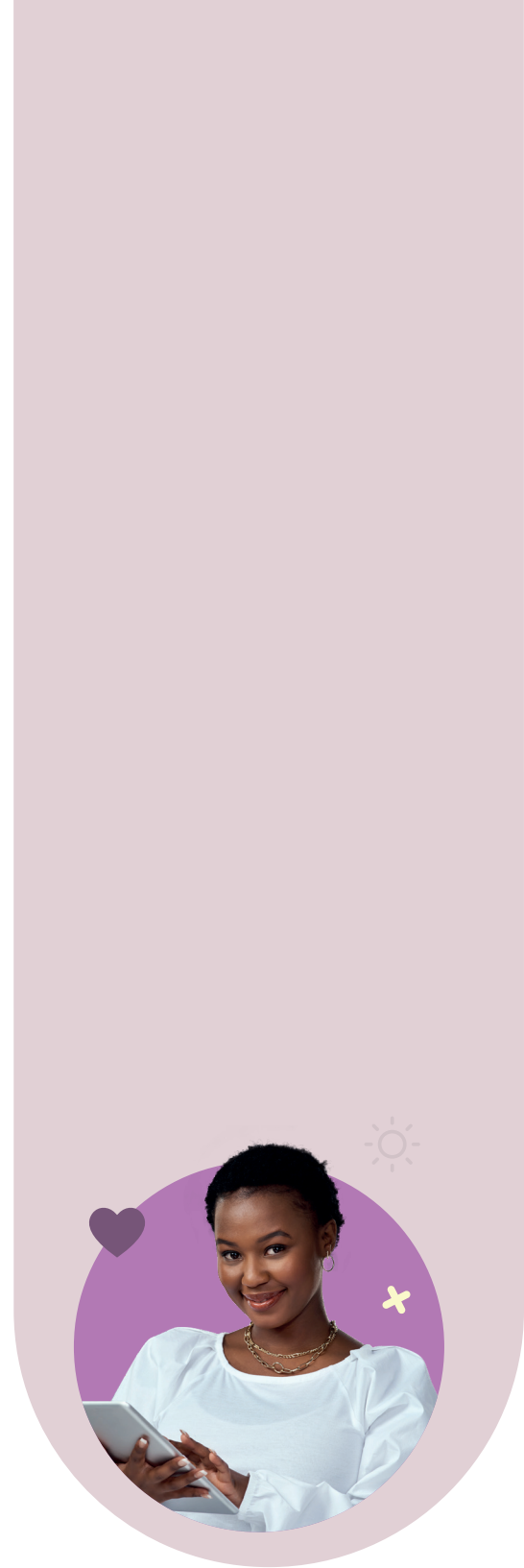
- Using specialist nonprofit industry and technology knowledge.
- Delivering a faster time to value for all projects.
- Reducing your total cost for your tech investments and maintenance.
- Improving data integration to speed up decision-making.
- Future-proofing your technology against the changing needs of the sector.
- Satisfying donors and retaining talent through better experiences.

You will make more impactful decisions to help optimize projects, manage partners and volunteers, and understand resources more easily. And you do all this while simultaneously maximizing available funding and building trust and accountability across your entire organization.

About Unit4

Unit4 helps nonprofits maximize resources, reduce costs, and increase accountability to deliver more impactful programs. Through our purpose-built nonprofit model, we help you better manage projects, programs, grants, and funding- as well as the people who make it all happen. Elevate your mission with an intuitive, flexible cloud-based platform to help your people focus on what matters most – delivering more impact to your mission.

Visit unit4.com to discover how our next- generation enterprise tools help get your organization's engine (its people and finances) running smoothly and cohesively, so you can focus on what matters most: helping the communities that need you.



For more information go to:

unit4.com

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