

Finding Profit in Non-profits

Custom Solutions & Solid Strategies Help ISVs Succeed in Unexpected Market

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Contrary to what some may assume, non-profit organizations can offer resellers solid business opportunities. "When you look at the challenges non-profits face, they're no different than any other company. They have to do more with less," notes Brian Bruffey, president and chief executive officer with Protech Associates, Inc., a Laurel, Md.-based independent software vendor that focuses on non-profit and member-based organizations, such as trade and professional associations.

Bruffey should know. His firm has worked with 400-plus organizations over the past 20 years. What's more, Bruffey expects Protech's revenue to grow 25 percent in 2005, and another 40 percent in 2006.

In order to thrive, member-based organizations must deliver higher value to their members. That often means offering more and better information on such issues as market changes and the status of legislation likely to affect their industry.

Technology allows organizations to accomplish this. Protech CRM (customer relationship management) for Members, which is based on Microsoft's CRM solution, enables organizations to automate several functions. It helps them manage their membership by facilitating renewals and similar tasks. The application can also handle financial transactions, like event registration and online sales of products and services. The license fee for Protech CRM Professional Edition runs about \$1,300.

David Janes, director of operations and technology at the Food and Drug Law Institute (FDLI) in Washington, D.C., has been using the software since June 2005 to help run the organization. Among other applications, employees use the contacts feature of Protech CRM to find speakers for events. The e-commerce function allows members to go online to enroll in conferences or purchase books. "We're a small organization, with less than 20 people. This makes us look a lot bigger," says Janes.

At the Professional Independent Insurance Agents of Illinois (PIIAI), a trade association of independent insurance agents throughout the state, the software allows the group's field employees to remotely access information on each insurance agency member. For instance, they can find out whether an agency's employees are taking advantage of different PIIAI programs. "They can jump in their car, drive into town, and pull up to the agency with the information," says Mark Kuchar, chief financial officer with the Springfield, Ill.-based group.

Overcoming challenges

To be sure, along with opportunities in the non-profit sector come several challenges. Perhaps most importantly, member-based groups often have sophisticated IT needs that make it difficult for them to use off-the-shelf software, Janes says. Most trade and professional associations charge non-members and members different prices for their products and services.

These special requirements can tax many organizations' IT budgets. "Non-profits have sophisticated needs, but often don't have the budget for larger, more sophisticated systems," says Janes.

In addition, non-profits work under a different modus operandi than many for-profit organizations. Most intensely focus on serving their members, which can influence their buying habits, according to Janes. An organization's management team might postpone their decision on a software purchase when legislation important to their members is before Congress, and the group wants to monitor its progress.

To successfully pursue this market, resellers need to first help their non-profit clients understand the importance of aligning their business strategy with their technology, Bruffey says. In the past, it hasn't been unusual for the business managers to leave technical decisions to the IT staff.

That can create obstacles. For instance, the organization's executive team may want to grow membership, but the IT system may make it difficult to reach potential members.

VARs also need to take the time to talk with front-line employees and IT staff, when proposing solutions, says PIIAI's Kuchar. If the customer service or data entry employees don't buy into a solution, they can set up roadblocks to a successful implementation.

Fortunately, resellers should be able to capture business in the non-profit arena even without a great deal of sector-specific experience, as long as they understand business in general, says Kuchar. "Associations are unique, but they're not an unrecognizable animal."