



Donations Processing: More Than Just The Money

Nancy Gessmann

Senior Vice President, Enterprise Solutions
CDS Global



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Many nonprofits and fundraisers are now tapping into advanced donations processing to support strategic planning and execution and create a competitive advantage for the organization.

While you weren't looking, donations processing grew up. No longer just a souped-up back-office function to get money in the bank as fast as possible, donations processing is emerging as a key component of donor care and stewardship. Advanced donations processing services aren't designed, as early services were (and many still are), solely for receiving donations and gifts and depositing funds. The latest donations processing services are built to automatically capture any donor-supplied information from incoming gifts, donations and correspondence.

As a result, savvy nonprofits and fundraisers are leveraging donations processing to support strategic initiatives of the organization and using it as a tactical tool for helping ensure regulatory compliance (Sarbanes-Oxley, PCI, privacy), complete auditing and reporting, and timely shipment of donation acknowledgements, premiums or membership kits. Advanced donations processing helps nonprofits and fundraisers capture the information they need to proactively respond to donor requests, and personalize appeals. It also frees up resources that would otherwise be used to key donor information. And it accelerates donations posting.

Combining donations processing with data capture appeals to nonprofits and fundraisers because it does a better job than traditional lockbox, caging or cashiering services at delivering a 360-degree view of their donors. As their names imply, the sole purpose of traditional lockbox, caging or cashiering services was to receive donations and gifts and make deposits. Everything else – particularly data capture – was left to the nonprofit.

It was hard for nonprofits and fundraisers to get the data they needed from traditional caging or cashiering services. But many are now tapping into advanced donations processing to support strategic planning and execution and create a competitive advantage for the organization. And advanced lockbox processing eliminates burdensome keying in favor of automated data recognition technology, such as forms identification, optical character recognition (OCR), mark sense detection, courtesy and legal amount recognition (CAR/LAR), handwriting recognition and handwriting detection and classification. By getting pertinent information on donors through an outsourced provider, as donations are being processed, instead of keying the data themselves after the deposits are made, nonprofits and fundraisers get valuable information more quickly, which translates into better donor care, better appeal results or both.

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To be sure, the most valuable information a nonprofit or fundraiser can have about their donors comes from their donors. Recognizing the power of using data capture as part of donations processing, more nonprofits and fundraisers are tweaking their appeal documents to ask donors key information. Some of this information includes their interest in planned giving, their willingness to volunteer, any personal experiences relevant to the organization's mission, how often they donate, their demographic information and their interest in being a matching gift sponsor. Advanced donations processing can also automate gift designation, so donors can request that their gifts be directed to a specific cause, region, disaster campaign or recipient type.

But not all donations processing providers are equal, as many still offer outdated cashing or caging services. A good rule of thumb is to determine whether data capture is a core business for the provider and whether they have experience with modern technologies (imaging, data recognition, workflow and archive) in relevant industry applications. You also want to ensure that their technology is open and flexible, and offers customization options based on unique business requirements. And automated solutions for managing exceptions are a good barometer for effective data capture and management.

The rise of advanced donations processing will likely change the fundraising process itself. In the next couple of years, the automated capture of donor information will improve the ability of nonprofits and fundraisers to care for and steward donors and target appeals in new ways. That movement is already underway. But CDS Global expects more to come. Those nonprofits and fundraisers that embrace this change early will be in a far better competitive position, while those who wait may find fundraising even more challenging.



Nancy Gessmann is senior vice president of Enterprise Solutions for CDS Global, a leading provider of outsourced business solutions to publishers, nonprofits, financial institutions, municipalities, utilities and direct marketers. Nancy can be reached at 515.471.5678 or via e-mail at ngessmann@cds-global.com.