

# What should we spend on fundraising software?

Most nonprofits spend between 1% and 2% of what they raise on fundraising software, counting every tool together. A \$500,000 organization sits in the second band below, where the median is \$9,226 a year. The first dollars belong in two places: the database that records who gives, and the way gifts come in.

## 01 What organizations your size spend

| IF YOU RAISE               | Under \$250K<br>n=55 | \$250K - \$1M<br>n=28 | \$1M - \$5M<br>n=12 | \$5M+<br>n=5    |
|----------------------------|----------------------|-----------------------|---------------------|-----------------|
| Median total, all software | <b>\$2,411</b>       | <b>\$9,226</b>        | <b>\$27,603</b>     | <b>\$92,069</b> |
| Mean total, all software   | \$2,611              | \$10,197              | \$30,342            | \$96,815        |
| Share of annual revenue    | 1.9%                 | 1.5%                  | 0.9%                | 1.8%            |

Total across all six categories. Revenue share is computed at each band's midpoint (\$125K, \$625K, \$3M) and at the \$5M floor above, so the last figure is a ceiling.

## 02 What a shop your size actually buys

| SHARE THAT SPEND ANYTHING            | Under \$250K<br>n=55 | \$250K - \$1M<br>n=28 | \$1M - \$5M<br>n=12 | \$5M+<br>n=5 |
|--------------------------------------|----------------------|-----------------------|---------------------|--------------|
| Donation processing                  | 76%                  | 86%                   | 100%                | 100%         |
| Donor CRM                            | 64%                  | 89%                   | 100%                | 100%         |
| Forms & other operations             | 51%                  | 79%                   | 83%                 | 100%         |
| Events & auctions                    | 49%                  | 71%                   | 100%                | 100%         |
| Grant research                       | 45%                  | 61%                   | 83%                 | 100%         |
| Prospect research / wealth screening | 5%                   | 50%                   | 75%                 | 100%         |

Read down your column. Rows are ordered by how many of the smallest organizations buy the category, which is also the order the sector buys in.

## 03 Where the first dollar goes

### FIRST The database, and the way gifts come in.

The only two categories most small organizations pay for, and processing is the largest single line at every size. 36% of organizations under \$250K have no donor database at all.

### NEXT Grant research, forms, events.

45% of the smallest organizations buy grant research, rising to 83% at \$1M to \$5M and all of them above \$5M. These arrive with staff capacity, not before it.

### LAST Wealth screening.

95% of organizations under \$250K spend nothing here. The clearest line to defer, and the clearest sign of scale when it appears.

## 04 Four questions to ask before approving a line

- 1 What do we spend in total, and what share of what we raise is that?
- 2 How many gifts last year were never recorded in a database?
- 3 What does a dollar cost us to accept online, and when did we last check?
- 4 Which contracts renew in the next twelve months, and on what terms?

**Software does not raise money. People do.** These are the cost of doing the work properly, not a fundraising plan.