

# 21 Questions

Every Nonprofit CFO  
Must Ask When Evaluating  
Cloud Financial Management Solutions



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Technology is changing fast. Since you are reading this, you know that your organization needs to keep pace. But where do you start?

The last time your nonprofit evaluated software, the “Cloud” probably wasn’t even an option. It’s come a long way—and more and more nonprofits are realizing significant benefits from using cloud-based financial management solutions.

In this eBook, we’ll cut through the jargon and the hype to help you ask the right questions as you consider your options. As CFO, you need to dig beneath the surface to uncover the real risks and validate the potential gains. We’ll help you see around the corner, armed with the right questions to avoid the “gotchas.”

As you probably know (perhaps from painful experience), your evaluation needs to go beyond the software and infrastructure. To that end, we’ll provide guidance to help you uncover technology providers that falsely claim to know nonprofits.

Read on to build your confidence and make the best choices for your nonprofit.

Your “must ask” questions about:

Cloud Terminology

Reporting and Transparency

Expected Benefits

Software Selection

Common Concerns

Partner Selection





# Cloud Terminology

## 1. What is cloud computing?

At the basic level, cloud computing refers to the method of delivering software, from e-mail to business management software, to users via the internet. Private cloud means that servers housing the software are dedicated to one organization. Public cloud refers to infrastructure comprised of multi-tenant servers. Hybrid cloud refers to any combination of public cloud, private cloud or on-premises infrastructure design.

## 2. What is the difference between hosting and Software as a Service?

With hosting, your nonprofit owns the software which is housed and managed by a cloud provider. Services including installation, upgrades and user configurations are handled by the cloud provider or a VAR (Value Added Reseller). With Software as a Service (SaaS), the software publisher delivers the application via the internet to users on a subscription basis. Your nonprofit pays a monthly fee to access the application and store your related data which is housed on public cloud servers.

## 3. How do employees access a cloud-based application?

True cloud applications are accessed through a web browser or mobile device via the internet, providing users with secure access to the full application. Licensing is generally based on a monthly per user fee. Just as with an on-premises application, security can be set to limit individual users access to only the information they should see. Software providers vary in supporting access to reports and dashboards for “non-users” like board members—an important clarification to get as you evaluate options.





# Expected Benefits

## 4. How much IT support will we have to take on ourselves?

As you evaluate vendors, ask specifically what services will be included as part of your subscription fee. A cloud-based financial management solution should free your current team up from system upgrades, user support and report creation. Insist on a clear explanation of how user support is structured, how you are notified of system upgrades and what training will be provided for new functionality.

## 5. Will the system connect to other applications?

The right cloud financial management system will provide versatile cross-platform integration options to allow you to connect on-premises and cloud-based applications. Those integrations should support routine, automated data flow so that you can streamline business processes across the organization. Be sure to ask how upgrades could impact integrated systems.

## 6. Will the cloud-based system support mobility and remote access?

One of the most valuable aspects of cloud computing for nonprofits is support for a workforce on the go. A cloud-based financial management system will make it easier to support program managers working in the field, grant writers working remotely and board members on the road. As you evaluate options, ask about the types of mobile devices supported, how collaboration is enhanced and what kind of reporting will be available to every level of stakeholders—from volunteers to board members.





# Expected Benefits

## **7. What cost savings should we expect with cloud computing?**

The obvious initial savings when you move to the cloud include hardware and IT support costs, but there is more. Your nonprofit will save costs of licensing and support of the underlying software and networking infrastructure required for your previous applications. In addition, you get the benefit of enterprise-class security, backups and disaster recovery included in your subscription.

## **8. Do we have to sacrifice functionality with a cloud solution?**

Quite the contrary. Cloud-based financial management enables nonprofits to take advantage of the same functionality, performance, security and infrastructure that major corporations use. Since upgrades are included in your subscription, you get the most current capabilities to continuously improve business processes. For example, a modern financial management system will support workflows that automate allocations for multiple entities, locations and currencies—to cut the time you spend closing the books each month.

## **9. Will a cloud solution improve productivity and collaboration?**

You will likely realize significant productivity gains just by giving your employees anytime, anywhere access to the applications they use every day. In addition, with easier access to information and automated processes, your team will spend less time searching and re-entering data. As you evaluate your options, ask providers how the solution supports document management, collaboration and integration with productivity tools like Microsoft Office.



# Common Concerns

## 10. Is the privacy of our data protected in cloud-based applications?

With increased compliance requirements surrounding privacy and the need to protect sensitive donor information, privacy has become an important consideration in any decision. For most nonprofit IT teams, data security is not a primary skill-set. Reputable cloud providers are at the forefront of data security expertise, continually working to protect the data of their clients.

Any cloud provider you consider should be able to clearly articulate specific governance, operational and regulatory guidelines that they follow to assure the security of your data. This includes helping you to understand the policies for ID management and access control—who is authorized to do what and when.

## 11. Will we have control of our data?

This is a crucial question to ask before any commitment. In most cases you will retain ownership of your data but you should specifically ask how the cloud provider will deliver your data to you should you choose to change systems.

## 12. Can the cloud provide the level of security that we need?

For many nonprofits, on-premises hardware is located in a closet and managed by a local IT firm, with limited security expertise. Cloud providers, managing thousands or millions of users, provide secure environments incorporating the latest standards and are supported by a team of security and data management experts. In most cases, a SaaS solution offers a level of security more secure than any alternative.





# Reporting and Transparency

## **13. Will we be able to get the reports we need?**

For nonprofit organizations, flexible reporting is critical to proactively manage key initiatives, and improve outcomes across funding sources, locations, grants, programs and other dimensions. The cloud vendor you select should enable a multi-tier organizational hierarchy so that you can get a complete view of the consolidated numbers, summaries, and details you need to optimally manage your organization.

## **14. Can we meet the stringent requirements for transparency?**

Transparency of financial reporting has become a high priority for all nonprofits. Ask potential vendors how the cloud-based financial software will streamline accounting processes so you can demonstrate consistent application of rules-based cost allocations that assure accurate fund and grant tracking. Vendors should be able to explain how the systems will support the audit process and the steps required to produce Form 990.

## **15. Does cloud-based financial management have any effect on auditing processes?**

A modern cloud-based financial management system designed with nonprofits in mind will support detailed fund tracking with a comprehensive audit trail that will streamline the auditing process. As you evaluate options, ask if you will be able to share information with auditors through secure access so they can perform the audit remotely.





# Software Selection

## **16. Do other nonprofits use the software?**

Just like traditional software, finding a cloud-based financial management solution designed to meet the exacting financial reporting requirements of nonprofits will save you time and headaches in the future. The software vendor you choose should be well-versed on the challenges that you face, like increased governance, focus on compliance and competition for funding. Ask for nonprofit customer references and speak to as many as possible to get a true feel for the providers' service, product and support.

## **17. Will the software keep up with changing times?**

As we now know, technology will continue to change, driving new business practices and new ways to interact with stakeholders. As you evaluate financial systems, ask about the R&D (research and development) commitment of the software vendor. Are they looking forward and thinking about how both technology and the nonprofit industry will evolve? They should have a clear plan for continuous improvement that will deliver ever greater financial control and operational insight to your organization.

## **18. How are upgrades handled and what training is provided?**

Through your evaluation, find out how upgrades are handled and communicated. There should be no business disruptions and no costly hardware upgrades—find out how exhaustively the software vendor tests upgrades before releasing them. Since training is key to getting the maximum value from the software as it evolves over time, the vendor should offer comprehensive training and documentation. A vibrant user community reflects a positive relationship between the vendor and customers.





# Partner Selection

## 19. How much experience do you have with nonprofit organizations?

Many technology service providers claim to be nonprofit specialists. To separate the dabblers from the true specialists, ask them questions like the following:

- How would you design a chart of accounts that will simplify every aspect of financial management, now and in the future?
- How would you help us use data proactively to increase funding and control costs?
- What processes would you suggest we automate to support growth without having to add more personnel?

## 20. What is the background of the consultants we will work with?

A great implementation partner should be able to share best practices that will build a strong foundation for the future—and keep you from making common mistakes. Only consultants who know the nonprofit world inside out can help you take full advantage of the benefits from implementing a modern cloud-based financial management system. Find out how many nonprofit engagements the consultants that would be assigned to your implementation have completed.

## 21. Does your firm work with nonprofits exclusively?

If the answer is no, ask them what percentage of business is with nonprofits? To dig deeper into their experience and uncover any false claims, follow up with:

- How many nonprofit implementations do you do each year?
- What types of organizations have you worked with and what size are they?
- Did you implement the references you provided or did the publisher provide them?

# We've got answers

**At JMT Consulting, we only work with nonprofits.** We provide expert guidance on cloud-based financial management systems, applying knowledge acquired over 25 years, working with **more than 2,000 nonprofit organizations.**

We will answer all the questions you have about cloud-based systems to help you make the best choice. We'll even answer the questions you didn't know you needed to ask.

We'll provide guidance that will make a difference in your long-term success, like:

- Recommending a chart of accounts that will simplify every aspect of reporting, transparency and data analysis
- Helping you “see around the corner” to avoid the mistakes nonprofits often make
- Delivering thoughtful, attentive consulting services through a professional team who eat, sleep and breath nonprofits

Let's talk about the questions that you have in mind. **Please call 845-278-9262 or email [info@jmtconsulting.com](mailto:info@jmtconsulting.com).** We're ready to build your confidence in our services and help you make choices that will improve your nonprofit's operations from the start.

## Start the journey

Join us for a high-impact, in-person Executive Seminar or Financial Leadership Webinar. Our educational events are held exclusively for nonprofit organizations.

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