



6 Technology Trends That Can Maximize Donor Impact



EXECUTIVE SUMMARY

If there was ever any doubt that technology would make its way into the charitable realm, the pandemic's reliance on virtual tools made clear how all-encompassing such trends would become.

From automation and crowdfunding to digital platforms and social media, philanthropy is about effecting change and tech-based solutions are helping to accelerate results. **This white paper identifies six technology trends that promise to shape the future of giving — while increasing the impact donors and nonprofits can have as they pursue their philanthropic missions.**

Our analysis is intended to illuminate the transformations taking place, and how to benefit from them by:

- 1 Using Automation to Simplify Operations and Limit Costs

Cloud-based digital processes foster seamless giving, reduce overhead, and save valuable time.
- 2 Providing Transparency Through Public Platforms and Technology

Clarity about where and how money is being used boosts donor confidence, and impact-measurement technologies can support that crucial aim.
- 3 Tapping Social Networks to Accelerate Momentum and Visibility

There's power in crowdfunding and social media campaigns, which allow for greater visibility and personal engagement between donors and recipients.
- 4 Attracting Next-Gen Donors Through the Latest Platforms and Apps

Younger donors have a stronger interest in philanthropy, and they crave tech-centric ways to give with ease.
- 5 Building a Strategic Infrastructure and Vendor Network

If calculated incorrectly, a foundation could inadvertently underpay its required minimum distribution. Should that happen, the foundation.
- 6 Improving the Grantee Experience Through an Omnichannel Approach

Digital payment methods and grants management software are paving the way for grantees to get faster access to capital for their cause.



The Key Takeaway? Giving and technology are increasingly intertwined — a trend that has promising implications for improving the world around us, now and in the future. Read on for more.

INTRODUCTION

The COVID-19 pandemic accelerated digital transformation in the private sector as companies incorporated remote functionality into their infrastructures to stay afloat. Now, that disruption is trickling down to the nonprofit sector.

For some charitable organizations, limited IT budgets slowed digital transformation. Yet, those that embrace technology will be able to operate more efficiently and carry out their missions more effectively. Plus, they may even appeal to the growing cohort of donors emerging from the technology space.

The broader philanthropic ecosystem relies on constant, effective engagement between donors and grantees in order to function, and technology can play a key role in facilitating those interactions while minimizing friction. It's important for all the participants in the ecosystem to explore potential software, platforms, tools, and general resources that can augment core infrastructure and operations.

The overhaul may seem like a costly undertaking, but being tech-forward pays off later on.

The good news is that tech solutions abound, with vendors focused on streamlining the experiences of philanthropists, individual donors, charities, and other types of grantees, each of whom face different, interconnected challenges. And those stakeholders play important roles in philanthropy: Individuals contributed \$324.1 billion to charitable causes last year, accounting for 69% of giving; while foundations made \$88.6 billion in grants, comprising 17% of gifts, according to GivingUSA.¹

To guide philanthropists, individual donors, and charities through this rapidly changing landscape, we've identified six trends that will transform the charitable giving space and help maximize impact in the coming years.

1 Using Automation to Simplify Operations and Limit Costs

The for-profit world has already turned to technology and artificial intelligence (AI) to automate their most complicated processes and workflows. Charities and charitable giving entities, like donor-advised funds (DAFs) and private foundations, can use technology in a similar fashion to reduce overhead costs and maximize donations for programs and initiatives.

Digital processes also typically live in the cloud, making it easier for a distributed organization to keep working — even if it can't get to a physical office. That's a lesson many nonprofits learned since 2020. Nearly 70% of charities had to invest in systems and tools to continue operations during the COVID-19 pandemic, according to NTEN.²

Nonprofits should implement AI with caution as this technology can pose risks, such as exposure to data privacy issues and even systemic biases. For instance, algorithms and models rely on data inputs to function. If data is compromised by a bias toward a particular ethnicity or gender, the outputs will reflect that influence.

¹ https://cdn.ymaws.com/www.givinginstitute.org/resource/resmgr/gusa/2021_resources/gusa_2021_press_release_fina.pdf

² https://www.nten.org/wp-content/uploads/2021/02/Technology-Enabled-Operations-Report_February-2021.pdf

BENEFITS	TECH TO WATCH	
<ul style="list-style-type: none"> • Funders can automate and streamline routine administrative activities, which can help reduce staffing needs and processing errors. • Individual givers can make their gifts more quickly and seamlessly. • Charities can automate manual processes, increasing the effectiveness of fundraising and lowering expenses in order to direct more assets to programs. 	Virtuous	Nonprofit marketing automation
	Keela	Donor management
	MoneyMinder	Nonprofit accounting software
	Limelight	FP&A software for nonprofits

2 Providing Transparency Through Public Platforms and Technology

Charities with greater transparency garner 53% more contributions.³ That’s because people are inclined to donate more when they can see the tangible impact of their money.

Many of the largest donors have embraced transparency to raise awareness of specific grantees, demonstrate their commitment to certain causes, and measure success. Jack Dorsey, for example, maintains a [public spreadsheet](#) of his charitable contributions, including information about where each grant goes, how much it’s worth, and why he’s making the donation.⁴

When there’s a better understanding of how and where charitable assets are being deployed, it can help givers and charities work more effectively together, identifying successes and problems that help with future prioritization.

One promising technology in this area is blockchain, the distributed ledger built to facilitate cryptocurrency transactions. However, blockchain has many other applications beyond crypto, such as empowering people to publicly track and share foundation contributions.

BENEFITS	TECH TO WATCH	
<ul style="list-style-type: none"> • Funders can use impact measurement and reporting to increase the effectiveness of their grantmaking and engage with internal and external stakeholders. Corporate donors, in particular, may find this especially helpful in meeting their environmental, social, and governance (ESG) goals and aligning with their employees around values. • Individual givers will find it easier to identify charities that support their priorities and feel more confident about how a nonprofit is using their dollars. • Charities may be able to get a better rating from organizations like Charity Navigator, which can potentially lead to stronger fundraising. 	Hexa	Blockchain for social impact
	Candid	Data and tech for nonprofits and funders
	Socialsuite	Impact measurement for nonprofits

³ <https://journals.sagepub.com/doi/full/10.1177/0148558X18814134?journalCode=jafa>

⁴ <https://docs.google.com/spreadsheets/d/1-eGxq2mMoEGwgSpNVL5j2sa6TooJZUZ-Zun8h2oBAR4/edit#gid=0>

3 Tapping Social Networks to Accelerate Momentum and Visibility

Crowdfunding platforms, like [Mightycause](#), have made it easier for the general public to collectively effect change at levels previously restricted to high-net-worth families and foundations. These platforms enable individuals and organizations to tell their stories, creating a direct communication channel between donors and recipients.

Crowdfunding projects tend to have shorter timelines, raising money for immediate causes like disaster relief. Yet, they're often still effective thanks to associated social media campaigns, which highlight the cause or organization and drive traffic to the initiative.

The average individual donor for nonprofit crowdfunding campaigns gives \$66, and the average campaign raises \$9,237.⁵ But there's potential for these figures to grow. [GoFundMe](#) has raised more than \$15 billion in donations since its founding, and just bought [Classy](#) in a bid to move into the philanthropic sector and attract larger donors.⁶ While crowdfunding is not new, the recent expansion and consolidation in the industry cement its role as a powerful fundraising tool for use alongside more traditional methods.

These social network-driven initiatives also provide an opportunity for nonprofits to engage on a more personal level with individual donors. This capability simultaneously provides a conduit for funders to find other people who care about the same causes and identify potential partners in future projects.

BENEFITS	TECH TO WATCH	
<ul style="list-style-type: none"> • Funders may consider using matching incentives via crowdfunding to boost the value of their contributions. Providing matching funds increases the value of donations by 23% to 33%.⁷ 	Causes	Civic technology app
<ul style="list-style-type: none"> • Individual givers can contribute alongside others, pooling their donations to effect change at levels similar to major donors and large foundations. 	CauseVox	Digital fundraising
<ul style="list-style-type: none"> • Charities enjoy increased visibility for their campaigns, their programs, and their causes. 	GiveSmart	Mobile bidding and fundraising

4 Attracting Next-Gen Donors Through the Latest Platforms and Apps

If nonprofits want to create deep, lasting relationships with the next generation, they'll need to espouse the latest innovations. Younger donors were raised in a tech-centric environment, so they're accustomed to digital transactions and mobile technology. But it goes way beyond ridesharing and food delivery—they also use diversified apps like [Robinhood](#) to trade stocks and buy crypto and [Cash App](#) to send money and get basic banking services.

⁵ <https://blog.fundly.com/crowdfunding-statistics>

⁶ <https://www.fastcompany.com/90712886/gofundme-is-acquiring-classy-the-top-crowdfunding-platform-for-nonprofits>

⁷ <https://pubsonline.informs.org/doi/abs/10.1287/mnsc.2017.2923>

Younger donors are more interested in philanthropy than previous generations, and they want their capital to align with their values. Last year, 57% of Gen Z gave money to a charitable organization, and Millennials made the highest average donation at \$637.⁸ Among entrepreneurs, Millennials were the most generous cohort, giving more than twice as much as Baby Boomers (more than \$13,000 on average) and spending more time volunteering than other generations as well.⁹

Among affluent households, individuals under age 40 were also more likely to use a giving vehicle, such as a private foundation or DAF, than their older peers. More than six in 10 of the younger affluent philanthropists surveyed said that they used technology to make their donations, with 26% using crowdfunding platforms and 19% making use of social media fundraising.¹⁰

There are a growing number of technology tools that make such giving easy for individual and workplace donors. **Cauze**, for example, is an app that allows users to quickly give to charity at any time, while **Pinkaloo** provides tools for employers that let users track, coordinate, and celebrate their philanthropic activity.

BENEFITS	TECH TO WATCH	
<ul style="list-style-type: none"> • Funders can use the platforms and tools with which they're most comfortable and meet their infrastructure and operational requirements. • Individual givers have more options to easily contribute to the causes that they care about. • Charities can encourage young people to make giving part of their lifestyle, which could have a lasting impact on future giving and the adoption of charitable vehicles when they have the assets to warrant it. 	The Giving Block	Civic technology app
	Cauze	Digital fundraising
	Pinkaloo	Mobile bidding and fundraising
	DonorPerfect	Donor engagement

5 Building a Strategic Infrastructure and Vendor Network /

To maximize utility and ROI, philanthropic organizations must build the right tech stack and choose the best partners. The ultimate solution will vary depending on needs, budget, and technical expertise. It's possible for organizations and their users to source and design the solutions that meet them where they are with the right combination of technology and services. **Foundation Source**, for example, offers a range of tech-based tools for funders that want an in-house DIY approach to administration, a completely outsourced approach, or a hybrid of the two where some functions are managed internally and others are managed by a third-party.

At the same time, many organizations could realize higher performance if they took advantage of the full breadth of capabilities at their disposal. Gartner reports that, on average, marketing teams utilize just 58% of their stack's capabilities,¹¹ while organizations that implement an effective account-based tech stack see a 60% increase in meaningful pipeline.¹² Recent years have proven that tech advances quicker than many industries. And that pace means that organizations may need to invest and upgrade their tools regularly to remain current and ensure that their staff members are trained on new features.

⁸ <https://www.lendingtree.com/debt-consolidation/charitable-donations-survey-study/#whosdonatingtocharityandhowmuch>

⁹ <https://www.fidelitycharitable.org/articles/entrepreneurs-philanthropy-across-generational-divides.html>

¹⁰ <https://scholarworks.iupui.edu/bitstream/handle/1805/26654/bank-america-sept21.pdf>

¹¹ Gartner 2020 Marketing Technology Survey: Cost Pressures Force Martech Optimization and Innovation

A curated network of vendors can provide additional specialty services, such as data collection and analysis, engagement tools, or content management that can be consumed as needed. Beyond functionality, it’s also critical to vet vendors on cybersecurity protocols and regulatory compliance. Depending on the situation, it may also be beneficial to pursue vendors that understand the nuances of working with nonprofits. Purpose-built tools can accelerate the implementation timeframe and help address workflow issues that intensify when adapting mainstream tools for charitable use.

BENEFITS	TECH TO WATCH	
<ul style="list-style-type: none"> • Funders who use tools to aggregate their administrative functions can operate more efficiently, freeing high-value resources to focus on strategy and impact. • Charities with efficient technology matched to their processes and mission can minimize their administrative spend allowing them to reallocate those resources to productive programs, activities, and causes. 	Dataro	AI-powered donor scoring
	Impactfully	Foundation management software
	Whole Whale	B Corp digital agency

6 Improving the Grantee Experience Through an Omnichannel Approach /

While many conversations around philanthropy and technology focus on how charities can fundraise more efficiently, funders must also find ways to improve the experience of their grantees. This emphasis can allow grantees to prioritize the mission rather than the application process—which can take up to 21% of an employee’s time.¹³

Funders can use technology to cater to grantees’ preferences and limitations just as retailers create an omnichannel experience for their consumers. Enabling communication across multiple platforms can expand accessibility and reduce friction. For example, a grantee might start filling out an application from their workstation, but easily upload photos or other documentation through their phone when outside the office.

In addition to easing the application experience, private and corporate philanthropists should make it as easy as possible to get money into the hands of their grantees. FT Partners estimates that checks still account for nearly 50% of B2B payments¹⁴ and the rate may be even higher in the nonprofit sector.

That may mean embracing new digital payment methods, such as [Stripe](#) or [Bill.com](#), in order to quickly facilitate transactions in a manner that’s easy for grantees to access, while meeting all regulatory requirements for documentation.

¹² <https://www.gartner.com/en/sales/trends/account-based-tech-stack>

¹³ <https://blog.grantadvisor.org/navigating-funders-online-grants-management-systems>

¹⁴ FT Partners Fintech Industry Research, B2B Payments: The Last Major Bastion of Paper-Based Payments and Processes

BENEFITS	TECH TO WATCH	
<ul style="list-style-type: none"> • Funders that help decrease the time and effort required for grantseeking are effectively increasing the resources their grantees can allocate to programs, helping to boost impact and maximize their charitable dollars. • Charities get greater flexibility in how they operate and, ideally, faster access to capital for their cause. 	TechSoup	Nonprofit tech marketplace
	Submittable	Social impact software
	Foundant Technologies	Software for grantmakers and grantseekers

Looking Ahead — Change is Everlasting

Change is notoriously slow in the nonprofit sector and digital transformation is no exception. It will be an ongoing process as technological innovations from the private sector continue flowing through to the people and organizations who give and the charities that use those gifts to support their causes. We’ve already seen how the rise of cryptocurrency has led charities to accept it and donors to use it as a funding mechanism for DAFs, private foundations and other charitable vehicles. And the increasing importance of big data has spurred nonprofits to invest in data collection and sophisticated analytics to advance their fundraising efforts and their missions.

The next horizon appears to be a larger-scale shift to a virtual world, or metaverse, in which online interactions are in three dimensions rather than two. Though this technology remains in its infancy, it’s an area that donors and grantees should watch carefully as a potential means to connect with the next generation.

Philanthropy is about creating change in the world, but the most successful philanthropists must also evolve as givers and leaders through the adoption of new practices, tools, and technology. In doing so, they ensure that the change they envision is within reach.

If you’d like to learn more about technology solutions for your foundation, contact [Foundation Source](#) to find out how we can help.

HAVE A QUESTION?

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