MemberSuite
By **GrowthZone**

AMS BUYER'S
GUIDE

UNDERSTANDING AMS TECHNOLOGY
TO PROTECT YOUR BUDGET AND
FUTURE GROWTH OPPORTUNITIES

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Introduction

Choosing and implementing new association management software (AMS) is a project no one ever forgets. The learning curve is high, even if you've done it before, because technology keeps changing—but changing in a good way. You no longer have to be a hardware geek to manage an AMS. With the arrival of cloud-based software and Software-as-a-Service (SaaS), the days of on-premise databases, are over.

However, confusion still exists in the association and membership organization community about the difference between SaaS and cloud-based software. Many organizations believe their AMS is SaaS because it's a cloud-based software subscription, but that's not always the case. If your AMS isn't architected as SaaS, you're not getting the benefits of true SaaS.

Before you shop for new association management software for your organization, read this buyer's guide to equip yourself with the AMS technology knowledge you need to protect your budget and future growth opportunities.

THE BIG DIFFERENCE BETWEEN SAAS AND CLOUD-BASED SOFTWARE

We know. A discussion about SaaS versus cloud-based software is enough to make your eyes glaze over, but hang in there for our non-technical explanation.

If you're shopping for a new AMS, knowing this difference can help you compare apples to apples, and make the best decision for your organization.

All SaaS is cloud-based software, but not all cloudbased software is SaaS, although it may be marketed that way.

With true SaaS, clients each have their own database structure but they access the same codebase. That's why you hear SaaS described as "off-the-shelf" or "outof-the-box" software, in this case, we're talking about a metaphorical shelf or box. SaaS developers purposely develop code that's flexible enough to give the market what it needs. They make the "box" large enough for most requirements, and handle any unique needs and complexity through configuration settings.

When you choose an AMS vendor that delivers a true SaaS product, their implementation or professional services team meets with you to understand your organization's requirements. Out of the box, true SaaS may meet 80 percent of your requirements, however, with configurations (modifications), it can meet 95 to 100 percent.

You can take advantage of the 80/20 rule when you partner with an agile SaaS company. They take the needs of many clients, find the commonalities between them, and develop a core product that meets 80 percent of those needs. They meet the remaining 20 percent of functionality with configurations.

By building one codebase for all, versus building a customized codebase specifically for each and every client, all clients win. This approach allows SaaS vendors to innovate faster and keep up with the demands of the market as it changes.

THE LOWDOWN ON CONFIGURATION VS. CUSTOMIZATION

Now, let's define these terms. Configuration is the modification of software without having to rewrite the codebase. During implementation, the AMS professional services team configures the system, but after implementation, anyone on your staff with system administrator permissions can configure the system.

Developers build flexibility into software by adding configuration to handle the varying idiosyncratic needs of the most simplistic organizations to the most complex organizations. For example, with configuration, you can modify:

- Custom fields and objects
- Page layouts
- Revenue recognition schedules
- Security roles
- Membership, organization, and individual types
- Portal forms
- Email templates

On the other hand, customization involves rewriting the codebase per a client's specific needs. However, customization is not the only way to get what you need. Customizations in one product might be configurations (or baseline) in another. How can you tell?

In some circumstances, customization is warranted, for example, to handle needs that are truly unique to one client. But go into customizations with eyes wide open. Ask your vendor about the cost to maintain customizations and to upgrade your customized software. Most likely, you'll have to pay for upgrades because you're the only one using your unique codebase.

Ask a simple question: Will a developer need to build this functionality? If the answer is yes, it's not a configuration, it's a customization—and it will cost you extra now and in the future.

CUSTOMIZATION AND ITS UNWELCOME SURPRISES

Any AMS selection consultant will tell you that customization is not the way to go —and for good reason. Here's why configuration is a safer bet than customization.

Longer and riskier implementation. During a true SaaS implementation, the vendor's team focuses on configuration changes and data migration, not software development.

With customization, you're not implementing an offthe- shelf SaaS product. Instead, developers must "branch off" code to create a new customized version of the software for you. This effort takes time to design, develop, and test.

Higher implementation costs. With configurable software, you work with an implementation consultant to get what you need without having to pay for customization.

Customization involves a team of programmers who have to create a new version of the codebase for your needs, plus business analysts, testers, and

documentation specialists. Time is money. Since so many highly paid technicians must build your special functionality, the cost of implementing customized software can be twice as high as the cost of implementing SaaS. Because custom development is a higher-risk implementation, project overruns are also more likely.

Longer waits for support. With true SaaS, since everyone uses the same codebase, a bug affects everyone. You can bet it gets fixed immediately and everyone benefits from the improvement.

Customizations are brittle—meaning, they break often. If there's a bug in your customized version of the software, you're going to be the only client with that problem. Because only one person on the vendor's staff may have the necessary expertise to

fix it, it takes longer to solve your problem. And, the fix is more expensive for the vendor since all that time only benefits one client—those costs will eventually be passed along.

If the bug affects all clients, imagine how long it can take the vendor's team to fix, test, and patch the bug on multiple versions of the codebase. Be prepared to wait unless by chance you're first in line.

Upgrade issues and costs. With most AMS vendors, customized code kicks you off the upgrade path. If you want to take advantage of the new features and functionality included in product upgrades, you'll have to pay the AMS provider or a consultant to rewrite your customized code so upgrades can be applied. Cross your fingers and hope your system still works with the upgrades. Meanwhile, prepare for disruption to your staff's time and energy, and your members' experience.

Sunken costs. Since you've invested so much time and money into this customized system, you feel trapped. Talk about sunken costs! You can't afford to start all over with a new AMS, and the vendor knows it. Instead of intentionally designing a brighter future for your organization and membership, you feel like the vendor is calling the shots.

CUSTOMIZATION'S IMPACT ON THE AMS BUSINESS MODEL

When a database provider relies on customization instead of configuration, their team ends up with dozens of codebases to manage.

It becomes too cumbersome or downright impossible to upgrade every client to the same version. To support all these versions, the company needs multiple developers, testers, and client support people. The cost to support all these codebases is passed along to clients.

In contrast, the clients of true SaaS benefit from economies of scale. Because every client uses the same codebase, the vendor's staff only has to support one codebase. They're not passing the costs of dozens of versions onto their clients.

When you compare non-SaaS cloud software to SaaS cloud software, you're not comparing apples to apples. SaaS will always be less expensive because the vendor can effectively manage their product at a lower cost—and these savings are passed along to you.

Configuration Opens the Door to Innovation

When developers stay busy creating and maintaining dozens of customized codebases, they don't have the time to think about innovation. Releases —software upgrades and bug fixes— are less frequent, and you usually have to pay for them.

But, if every client uses the same codebase, as they do with a true SaaS product like MemberSuite, there's time for innovation. Releases are more frequent, in our case, twice a month—and our releases are free. Everyone's on the same upgrade path and, therefore, everyone's on the latest version of the software.

If a client requests a configuration that we think will benefit others, our philosophy is: "A rising tide lifts all boats." Our lightweight code maintenance structure allows us to move quickly on client feedback. What benefits one client can benefit all.

IS YOUR AMS BUILT WITH THE BEST ARCHITECTURE FOR NON-PROFITS?

A home and a barn are designed and built for different purposes. If you decide to move into a barn, you have to figure out a way to insulate and heat it, plus add other modern conveniences, like a bathroom and kitchen. A barn isn't built for residential purposes, except for the four-legged kind. It's designed and built to house animals and store crops.

Software is designed and built for different purposes too. AMS architecture, like MemberSuite, was purpose-built for the financial and membership management needs of the association market.

However, customer relationship management (CRM) software was designed and built purposely for sales and customer relationship management. Here's why that's an important distinction to understand.

Financial Management. CRMs were never intended to take care of financials. In contrast, managing financials is at the core of AMS design.

Membership and Dues Models. CRMs cannot always handle out-of-the-ordinary membership structures, whereas an AMS is designed to deal with complex membership structures, whether they're trade, professional, or enthusiast groups. An out-of-the-box AMS should also be able to handle the management of organizational layers (chapters and sections).

These days, associations can't afford to be tied down to a simple, traditional membership model. You should expect software to provide the flexibility you need to manage the financials involved with any type of membership and dues structure.

Trending and Predictive Analytics. Just like MemberSuite, your AMS should have its own data analysis functionality so you can track, analyze, and visualize member and constituent data. An AMS is uniquely positioned to provide best-inclass advanced analytics that helps your organization

make better data-informed decisions. If you have to load your data into another system to "see" trends, that system is not purpose-built to help membership organizations solve problems.

Email Marketing. Don't assume anything about software functionality, even what you might consider "business as usual" requirements. Specify the email functionality you need, for example, the volume of emails you expect to send in one day, so you're not surprised by a CRM's email limitations or pricing.

Module/App Integration. The large ecosystem of apps promised by CRMs won't mean much if third-party software is not truly plug-and-play. See it before you believe it. Keep in mind you'll have to spend more money to integrate and pay licensing to the third-party app vendor. On the other hand, an AMS may provide the solutions you need without the need for integration.

Industry Focus. An AMS is—and always was purposely designed and built for associations and membership organizations. AMS providers, like MemberSuite, focus exclusively on the association and membership organization space.

For CRM companies, associations and other nonprofits are a marginal piece of their business Their attention to this space waxes and wanes. CRMs were not built to solve the challenges of associations. The non-profit market is a product line extension for them.

BEWARE THE HIDDEN COSTS OF CRMS AND OTHER PLATFORMS

Hopefully you trust and like us AMS providers more than Members of Congress and car salespeople—the least trusted professions according to a Forbes survey. But, unfortunately, AMS vendors do have a bad rap with some in the association community—just witness how few hands are raised when a session speaker asks, "Who likes their AMS?"

Who can blame you? You're tired of being nickeland-dimed. Unfortunately, you have to keep a sharp eye out for the hidden costs of many platforms.

Platform Licensing Fee. If your database is built upon a system like Salesforce or Microsoft, your AMS vendor is paying up to 35 percent of their revenue to the mothership. Actually, that cost is passed along to the client, so you're essentially paying for two licenses. Typically, your initial licensing is heavily discounted to get you hooked, but you can expect to pay more later.

User Licensing Fees. CRMs require you to pay a licensing fee for every user. This policy causes most associations to limit the number of staff who can use the CRM. As a workaround, users might share CRM logins—a dangerous cybersecurity practice. Since staff can't easily access the data they need, rogue databases, like Excel spreadsheets, quietly sprout up across the organization. Data integrity plummets. The CRM is the database of record in name only.

An AMS built on the true SaaS model doesn't follow this outdated pricing practice. For example, for clients with more than 10 staff, MemberSuite allows an unlimited number of users at no extra charge. If you have to temporarily staff up during conference or renewal season, no problem. Everyone who needs the AMS and its data has access.

Upgrades. If you're the only client using your version of the software's codebase—due to customizations, whether they're called that or not—you'll pay for upgrades. Someone has to cover the costs of the vendor's staff developing and testing upgrades to your customized code.

Integrated Apps. You have to pay to integrate any third-party apps in the platform's ecosystem.

Reports. If someone needs to create a report, they shouldn't have to understand SQL (Structured Query Language) to do it, but that's what it takes to write a report in many systems. Associations end up having to pay a consultant or depend on an IT person to create reports. If you need to develop customized reports, expect to pay the platform vendor anywhere between $1,500 to $30,000 for each one.

Storage. Find out if your costs will change if you increase the number of records or amount of data in the system. True SaaS is scalable. As your association's storage and performance needs increase, the infrastructure can handle it—and the price doesn't change. Many vendors consider additional storage an upgrade, and charge extra. Additionally, make sure to ask vendors if they charge to backup your data or if they offer a builtin data backup export at no cost.

With true SaaS, you can expect cost predictability and transparency.

CONCLUSION

When selecting a new AMS, invest in software that's purpose-built for non-profits, an AMS designed as true SaaS with all the benefits that implies. Companies, like ours, with a true SaaS business model, operate differently. Since clients have the option to renew (or not) their contract every year, we must do business with a client-first mentality.

Because our team designs, develops, and supports only one codebase, we're able to respond to client needs and let all customers benefit from new features and functionality. Our economies of scale allow us to do this without nickel-and-diming our clients.

You may not be able to futureproof your organization, but you can future-proof your association management software. When an AMS is designed as true SaaS, you never have to worry about being on an outdated version or outgrowing its capacities.

We'd love to show you how our
**true SaaS AMS can help
your organization.**

Contact us to get started.

MemberSuite
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To learn more, visit
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