

Whitepaper

# MEASURING ROI AS A **NONPROFIT**

Why quantifying the impact of technology makes sense for your mission



Sage

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# Executive summary

Technology investment decisions can be difficult in any economic climate, but when funds are tight and the geopolitical atmosphere is increasingly uncertain, it requires even greater precision and foresight.

No organization recognizes this more than nonprofits. With transparency, compliance, and operational efficiency high on the priority list, nonprofit leaders need to be able to account for every dollar, or risk their very survival. This can complicate investments like technology where the benefits in future efficiency are typically spread across programs and are both direct and indirect in nature.

Too often, nonprofit leaders see technology as an expense, rather than an opportunity. But as CFOs, you know that high-performance finance software can spell the difference between mission impact—and mission failure. As your role expands beyond the traditional finance tasks, you need to effectively communicate how new solutions will support you as you drive improvements across the organization. And by using a robust Return on Investment (ROI) methodology, you'll be able to calculate and prove the benefits of any platform.

Calculating ROI doesn't have to be intimidating or complex. It should, however, be a part of the nonprofit technology decision-making process. One that helps finance leaders better articulate why the status quo needs to change. Sage research has shown 96% of finance leaders expect their roles to continue to evolve over the next two years, making it more crucial than ever to find a practical framework for evaluating ROI in nonprofit financial management solutions.

With this approach, you'll be able to quantify the value of technology investment and build a compelling business case for digital transformation that can be understood by your non-finance stakeholders.



# Why ROI matters

ROI is a ratio that measures the profitability of investment by comparing the gains or losses associated with a project to its cost. For the nonprofit sector (which isn't focused on profit), ROI is more commonly expressed in terms of mission impact, service output, or efficiency improvements.

Showing a healthy ROI allows you to illustrate that you're managing your nonprofit's finances responsibly to accomplish your mission. That helps you build trust with funders and other stakeholders, help identify areas for improvement in program delivery, boost your likelihood of being able to raise more funds in the future, and step into your role as a trusted strategic lead. [One philanthropy study by CCS Fundraising](#) found 99% of donors say their primary reason for giving is because they understand an organization's impact.

## Nonprofits typically track ROI around:

- Social impact—Indicators might include the number of beneficiaries participating in or benefiting from programs, meals delivered, books distributed, or other metrics associated with the delivery of your mission.
- Fundraising—Nonprofits will often track revenue growth, donor retention rate, cost per dollar raised, event conversion rate, recurring gift percentage, and more.
- Brand awareness—This will usually be tied to marketing ROI, comparing campaign spend to results, such as social media reach and engagement, volunteer engagement, media coverage, etc.

Monitoring these metrics allows you to compare strategies and ensure you're maximizing your impact in the most sustainable, efficient way.

Proving a technology solution's ROI does the same thing. Tight budgets mean investment in technology and operational improvements are often disregarded in favor of more direct or immediate service delivery. But done right, a technology solution should directly benefit your overall mission. With efficiency gains, better visibility of data, and more time to spend on strategy and mission-level conversations, technology can empower your team to achieve more than currently seems possible—across core finance tasks and non-traditional areas alike.



The **White Ribbon Alliance** works across more than 150 countries to advocate for women and girls' health, rights and gender equality. With an increasingly diverse funding portfolio, and manual currency conversions dominating the finance team's time, they needed a new solution. After moving to Sage Intacct, The White Ribbon Alliance:

- Eliminated duplicate manual entry and scaled finance capacity amidst 5% growth.
- 95% faster currency conversions that freed the team up for more strategic work.
- Made multidimensional grant and donation tracking 98% faster.
- Slashed financial close by nearly 90%.

**“One of the benefits of Sage Intacct is that I can focus on more strategic, visionary work.”**

**Celine Okoh,**  
CFO, The White Ribbon Alliance

# Telling your ROI story

For many finance professionals, ROI is a fairly complicated calculation that involves the time-value of money, cost of capital, and questions direct versus indirect costs. This can be confusing for non-finance leaders and more effort than desired. In reality, telling your ROI story in a way that resonates with stakeholders doesn't have to be complicated, just specific.

The key to communicating ROI effectively is simplicity. Identify the people and processes who will benefit, outline how they will benefit, and then describe those benefits versus costs in clear, annualized terms. When these expected benefits are projected using conservative, proven benchmarks, the quantitative support for your software narrative takes shape.

**The costs and benefits of technology for nonprofits will often span a great number of factors:**

**Benefits could include:**

- Cost savings
- Time savings
- Additional revenue
- Additional capabilities and capacity
- Better outcomes
- Improved security
- More reliable data
- Reduced headcount
- Happier staff



### Costs could include:

- Software/Subscription costs
- Implementation fees
- Technical support
- Training
- Staff time for change management

**Some factors will be easier to quantify than others. For example, if considering cost savings around labor for your financial system, you will need to consider how your organization is currently performing in terms of:**

- Time spent on monthly close
- Time spent on annual audit
- Time spent on grant reporting
- Time spent on AP invoice processing
- Days to close
- Invoice exception rate

This level of understanding of your own processes will allow you to build a more realistic picture of your current organizational performance, and realistically estimate how these could be improved with automation.

**Beyond this, you will also want to build a broader business case for a proposed technology solution by asking questions such as:**

- What challenges are we solving with this new technology?
- What is the outcome we're trying to achieve?
- How does this technology drive results?
- What measurable KPIs will determine success?
- How will we capture unquantifiable benefits?

With this information, you can present the technology investment on the table as an opportunity, rather than merely a cost. You'll be better able to capture value creation across aspects such as access to real-time insights and strategic decision support, enhanced risk management and compliance, and operational excellence. And you'll be able to secure the necessary funding from the boards and ensure a more enthusiastic adoption of the solution within the your wider team.

As pressures grow for CFOs to lead their organizations through uncertain times, being able to confidently assert your case directly impacts your ability to deliver results—whether in closing the books, or driving company culture.



**Towards Employment** is a nonprofit workforce development agency in Cleveland Ohio, supporting approximately 3,000 individuals per year. **After moving from QuickBooks to Sage Intacct, the organization has:**

- Reduced the time required for monthly billing to government contracts by 50%.
- Cut the time needed to import employee payroll data by 80%.
- Boosted capacity without hiring another FTE, saving \$45,000 per year.

**“The entire AP and AR cycles are now paperless with an audit trail and an automated approval process built right in ... [plus] a rolled-up P&L allows the board and our leadership team to look at the bigger picture.”**

**Faith Noble,**  
CFO, Towards Employment

# Measuring the benefits of Sage Intacct

An example of a more comprehensive approach to ROI is illustrated in 3rd-party advisory tools such as the **Forrester Total Economic Impact study**, which assessed the economic benefits of investing in Sage Intacct across four customers.

## The study found that these Sage Intacct customers achieved:

- A 441% ROI over three years.
- Two delayed hires, while sustaining growth.
- 45% reduction in days sales outstanding (DSO).
- 70% faster monthly close.

In Forrester's analysis, ROI is examined across multiple benefit areas, covering both operational efficiency and strategic advantage:

1

## Real-time insights and strategic decision support

- Data-driven program optimization
- Predictive analytics for better forecasting
- Strategic planning based on accurate, timely data
- Improved decision-making across programs

2

## Risk management and compliance

- Automated audit trails and internal controls
- Real-time compliance monitoring
- Multi-entity oversight capabilities
- Streamlined regulatory reporting
- Enhanced visibility into potential risks

3

## Operational excellence

- Standardized processes across the organization
- Optimized workflows
- Improved resource utilization
- Scalable growth while maintaining control
- Reduced manual effort through automation

# A framework for ROI evaluation

While 3rd-party analyst reports are common examples, a more basic internal ROI calculation can be sufficiently deep to inform your technology decision, and more practical for most nonprofit finance teams to execute. At minimum, this must take into account the Total Upfront Investment (cost) and subtract it from your Total Annual benefits (cost savings, efficiencies, etc.), over the course of time.

**ROI = ((Value of Investment – Cost of Investment) / Cost of Investment) x 100%**

For example, if your nonprofit is considering a business investment priced at \$10,000, and you believe the final value of the investment (with all the benefits considered), will be \$30,000, your calculation would be:

**ROI = ((\$30,000 – \$10,000) / \$10,000) x 100% = 200%**

It's valuable to consider the benefits of your technology investment in terms of what's most meaningful to your organization and leadership. **With the simplified calculator below, benefits are categorized into 3 areas:**

- **Operational efficiency:** organization-wide improvements that come from better strategic decisions, collaboration, and execution thanks to more accurate and available information
- **Finance efficiency:** process efficiency delivered directly from automation within the technology in the form of time savings for staff.
- **Effective spend/payment practices:** More efficient spend practices, improved by better controls and automation with AP and purchasing processes.

Benefits can be bucketed in different ways, but each should be an aggregate perspective based on your discrete financial processes, each of which you should consider individually to establish a more accurate assumption of how much it can improve with technology.

For the ROI-advanced finance staff, you may want to spell out things like total-cost-of-ownership of your current software, direct vs. Indirect costs, and factor in time-value-of-money... These are useful concepts for more complete analysis. But for most nonprofits, spelling out in clear and simple terms how software can impact your specific processes on an annualized basis is the most important aspect of your ROI analysis for demonstrating value to your leadership.

## ROI framework for nonprofit financial management software

This model assumes value calculated is a conservative, minimum value expected for accurate value metrics only; there may be other value sources in addition to these.

Inputs		Guidance on inputs and calculations
Finance staff (business users)	5	
Annual revenue	\$15,000,000	
Annual labor rate	\$75,000	Annual, average finance labor rate including benefits.
Work improved	70%	A conservative estimate of the typical percentage of current finance work that will be positively impacted by Sage Intacct capabilities.
Annual vendor-based spend	\$3,000,000	Assumed at 20% of annual revenue. This represents total spend across all 3rd-party vendors.
Outputs		
Operational efficiency improvement	0.25% +	More efficient operations expressed as a percent of revenue improved by insights, faster time-to-decision, and other Sage Intacct-influenced capabilities (like dimensions, dashboards, etc.).
Operational efficiency value	\$37,500	$0.25\% \times \$15m \text{ revenue}$ .
Finance efficiency improvement	25%	More efficient use of time, enabling the finance team to shift focus to higher-value work. We look at 70% of the finance team's time—not the full 100%. What if we could make 70% of their time 25% more efficient?
Finance efficiency value	\$65,625 +	$25\% \times (\$75k \times 5) \times 70\%$ (work percentage that could be improved).
Spend improvement	1%	More effective spend/payment practices expressed as a percent of vendor-based spend improved by taking terms, delaying payments, controlling spend to budgets, managing the vendor base, and other PO and AP capabilities that can be influenced by Sage Intacct.
Spend value	\$30,000 +	$1\% \times \$3m \text{ spend}$ .
<b>Total annualized value of improvements</b>	<b>\$133,125</b>	
	Use this value in combination with the annual subscription costs in the previous equation for your basic ROI.	



**Room to Read** is an international nonprofit tackling illiteracy and gender inequality. With offices in 10 countries, the organization has improved literacy and girls' education across more than 20,000 communities and benefitted more than 12.4 million children.

**By leveraging Sage Intacct, Room to Read has:**

- Streamlined consolidations across 25 entities and 19 currencies.
- Increased donor confidence through better reporting.
- Reached >100,00 additional children
- Improved productivity by more than 25%.
- Achieved payback in less than six months.
- A 3rd party analyst review revealed ROI of >400%

“Our financial information simply wasn’t granular enough to add meaningful insights like cost per activity or investment per child ... [Now] we can accurately report back the specific cost associated with each programmatic component, as well as the program’s impact to date, which increases our credibility and accountability as an organization. We would not have been able to do any of this without Sage Intacct.”

**Shari Freedman,**  
CFO, Room to Read

# An investment that's fit for the future

ROI is an important metric for determining the success of any project, and indeed the overall nonprofit mission. It's a financial measure that plays a pivotal role in determining the viability and success of all initiatives, providing a clear picture that all stakeholders can understand.

Today, 88% of nonprofit finance leaders play a leading role in strategic planning, and more than three in four of CFOs in general head-up efforts to drive profitable growth—or mission success. It's a position with eyes on the future—and with the right technology supporting you, CFOs can continue to deliver long-term strategic value.

To showcase how, CFOs need to consider both immediate productivity and efficiency returns of a technology investment.

#### That will require CFOs to:

- Establish a baseline—Assess where your organization is at the moment across metrics such as time spent on monthly close, and invoice exception rate.
- Estimate likely implementation costs for each solution—Capture direct and indirect costs across factors including software and subscription costs, implementation fees, technical support and staff time for change management.
- Quantify the benefits across the financial impact, operational improvements, and strategic value to build a robust business case. You can use a simple calculator such as the one included in this whitepaper.



Beyond securing the necessary investment for a new financial management solution, finance leaders that manage to accurately calculate and present the ROI of technology investments will cement their strategic know-how amongst their peers and within their organizations. And, by continuing to promote the efficiency benefits of technology with ongoing ROI monitoring, nonprofit CFOs will be able to ensure their strategic vision is supported by widespread adoption, maximizing the opportunities that a new solution promises to deliver.

Take a self-guided tour and explore how Sage Intacct can support your nonprofit's financial needs.

[\*\*Start your product tour now →\*\*](#)

# The Banfield Foundation



The Banfield Foundation provides medical supplies and resources to support pets, people, and communities in crisis. The foundation moved to Sage Intacct after their previous platform, Netsuite, failed to support their growth.

“I used to spend my days pulling reports, entering data, and tracking numbers across multiple platforms. Now, I just check my dashboard, and I have the answers immediately.”

**Alison Benninger,**  
Controller, The Banfield Foundation

Rigid processes and outdated reconciliation systems forced the foundation to undertake clunky manual work, and staff came to rely on multiple spreadsheets to meet their month-end deadlines. Since switching to Sage Intacct, staff have been able to:

- Free up resources to re-allocate towards mission impact.
- Enable automated reporting of key nonprofit financial data.
- Simplify workflows to reduce month-end close time.
- Reduce administrative strain around complex consolidated data.

Process	On NetSuite	On Sage
Monthly Reporting	1-2 days per charity (4 charities)	1 day total
Donations	Manually keying over from Salesforce	Fully automated via integration
Outbound grants	Manually keyed in	Automated processing, reducing errors
Bulk payments	0.5 days	5 minutes via ACH batch processing
Month-end close	3 days	1 day
Audit process	Manually tracking down invoices for auditors	Instant access to all financial records
Overall efficiency	Manual processes reduced productivity	<ul style="list-style-type: none"> <li>• 50% increase in efficiency across finance operations</li> <li>• New entities added seamlessly</li> </ul>
Organizational Impact	Would have required +1 headcount (\$80k annually)	No additional staff needed, saving \$80k per year



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