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2024 Outlook: Nonprofits Plan Strategic Investments in Technology, Other Areas

The nonprofit sector has always been incredibly resilient, stepping up to help the communities they serve. To name just a few examples: During the height of the COVID-19 pandemic, health and human services (HHS) organizations were on the frontlines, providing critical services despite all the unknowns and uncertainty around the virus. That same year, new organizations emerged in response to needs made evident by social justice movements. In 2021 and 2022, organizations managed to expand their impact with fewer resources as inflation tightened donor purse strings

and increased operating costs.

Last year was marked by organizational reflection. In 2023, nonprofits evaluated their program offerings, assessed how donor and funder requests for information were changing, and considered how they could reduce costs. As a result, 2024 is set to be a year of organizational evolution. Below, we outline where organizations may focus their efforts in the year ahead.

Operational Efficiency

Many organizations are considering implementing new technology to streamline otherwise manual or cumbersome processes and help improve efficiency.

According to [BDO's annual Nonprofit Standards Benchmarking Survey](#), nonprofit leaders list digital transformation (42%) among their top three priorities for the next 12 months. Even though their initial investment in technology will come at a cost — and 59% of organizations are prepared to increase spending in this realm — nonprofit leaders know that it is a worthwhile expenditure that can pay off in the long run.

Before implementing new technology, organizations should make sure that they are taking steps to select the right system, tool, or platform to suit their requirements. Technology should enhance how people are able to perform their jobs and how processes flow, not serve as an impediment, and organizations may not realize the full value of their investment if decisions are rushed.

Although important for technology across the board, enterprise resource planning (ERP) systems present a particularly relevant example. Fifty-seven percent of nonprofit leaders are planning to select and/or implement a new ERP system in the year ahead. When selecting an ERP system, organizations should evaluate factors such as their overall goals for the software, key business processes, essential features and capabilities, and other factors. [Read more about ERP system selection considerations here.](#)

Organizational Transformation

Organizations are increasing spending in areas beyond technology. These include but are not limited to fundraising and donor relations (64%), advocacy efforts (52%), risk management and

compliance (51%), new programs (50%), and finance and accounting (50%).

Some organizations are also considering exploring strategic partnerships to broaden their reach and pool resources. According to the survey, 62% of organizations say they are likely to enter a strategic partnership with a for-profit organization, 59% say they are likely to enter a strategic partnership with a similar nonprofit organization, and 58% say they are likely to enter a strategic partnership with a government agency.

It's clear that organizations are closely evaluating where they put their dollars. Even when budgets are tight, organizations are open to investing in the right areas — and seeking out ways to cut costs elsewhere. As nonprofits consider making infrastructure investments or pursuing partnerships with other like-minded organizations, they should keep their mission central to their decision. Alignment with organizational needs and values is key to success.

Funder and Donor Communication

Nonprofits are keenly aware of how funder and donor appetites for information are changing. Half of nonprofit leaders report that funders and donors asked for more fundraising outcomes data in the last 12 months. Organizations also experienced increased requests for information about their cybersecurity strategy or material cyber risks (48%), program or service impact data (46%), financial information (42%), and other elements of their operations and impact.

Funders and donors are attuned to how their dollars are being spent. They want to have a clear grasp on how they are contributing to the mission. As nonprofits look to the year ahead, they should consider how to best communicate with their supporters. This starts with a strong understanding of who their donors are. Nonprofits can leverage data and analytics to understand donor demographics and even previous donation choices to target their outreach and develop campaigns that resonate.

The Path Ahead

The nonprofit sector has weathered its share of challenges during the past few years, and lessons learned will inform how they approach 2024. But organizations feel optimistic: More than two-thirds (69%) anticipate that their revenue will increase in the next 12 months.

Nonprofit leaders plan to make strategic investments with these dollars — including in technology to help boost efficiency, among other areas — so their organizations can continue their essential missions long into the future.