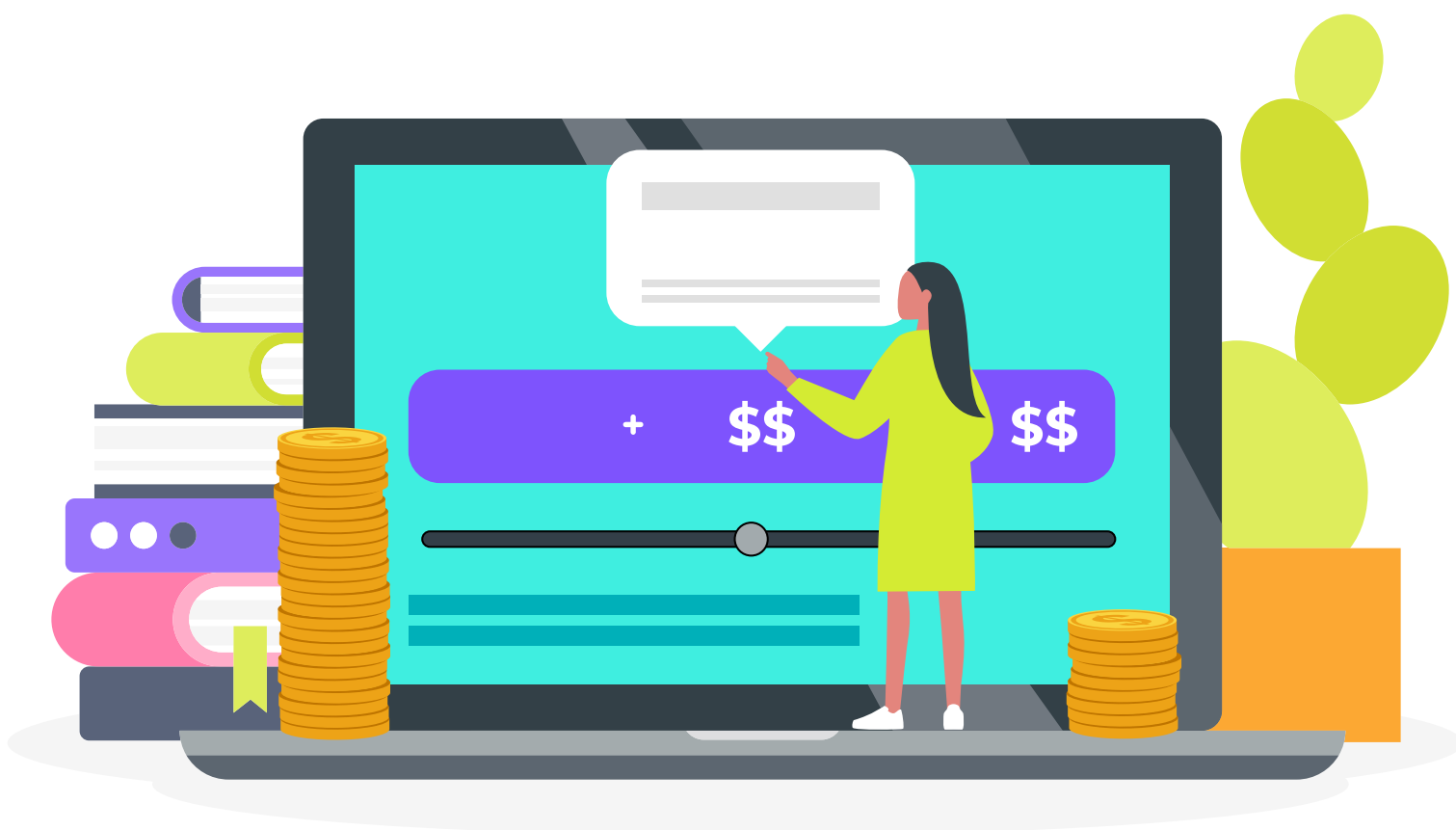


The Ultimate AMS pricing guide for associations with small staffs

What to know about the cost of new association management software (AMS) and how to get board approval for it



Introduction

So, you're ready to purchase an association management software (AMS) system. You've started your search for software that will help set your organization up for success because you know your association needs it.

But do you know how much the software will really cost your association – today and in the long run?

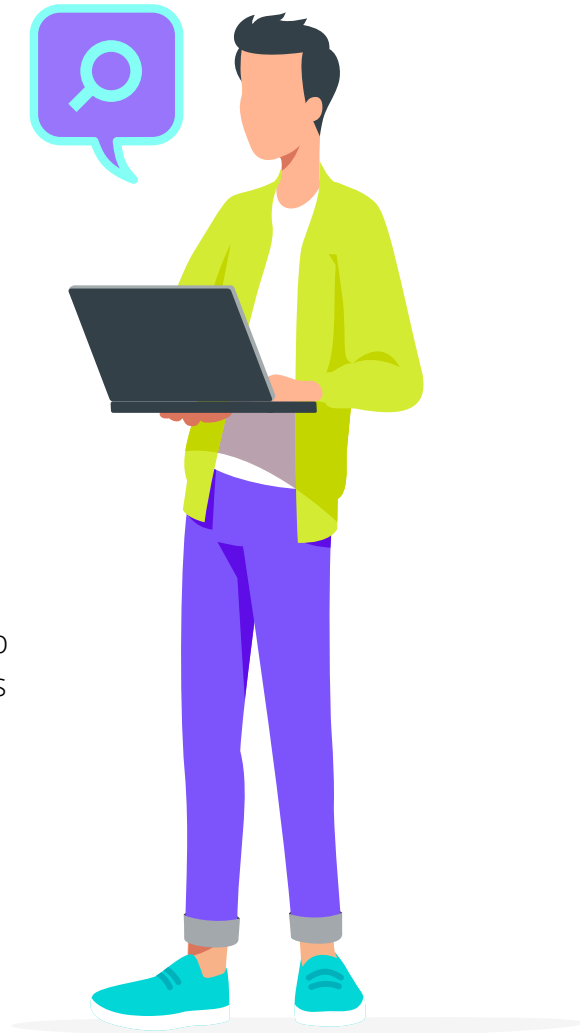
A critical concept to understand is total cost of ownership (TCO). TCO is a financial estimate intended to help buyers and owners determine the direct and indirect costs of owning a product or system. TCO includes the full costs of owning an asset, going beyond the purchase price to look at the true investment required.

It's like buying a car: You must consider all incurred expenses of an asset, such as repairs, insurance, and fuel.

Understanding TCO benefits your association in multiple ways. It helps you to:

- ✓ Be aware of all cost components and the true cost of the system to your organization
- ✓ Uncover hidden costs that aren't always obvious
- ✓ Build a business case for new software to get buy-in from your board

Let's get started.



How much does association management software really cost?

One of the most common questions associations ask when they're ready to buy an AMS system is, **"How much does it cost?"** The answer is both simple and complex: It depends.

AMS pricing depends largely on six factors:

1. How will you select it?
2. How will you pay for it?
3. What do you need it to do?
4. How will you implement it?
5. Who will be using it?
6. How long do you plan on using it?

AMS pricing depends largely on six factors:



1 How will you select your AMS?

The first steps in the software selection process are to ask, **"How risk-averse is your organization?"** and to assess how informed your organization is about the AMS industry and offerings.

There's no right or wrong answer. But considering these questions can help you decide if it makes sense to partner with an expert to help you navigate the selection process.

Consider these different perspectives:

- ✓ Some organizations are confident that they know what they need and the type of vendor they want. They're familiar with the process and are confident to go it alone.
- ✓ Others don't know what they don't know, yet they're comfortable going full speed ahead on their own.
- ✓ Still others might be risk-averse or just prefer the help of industry experts. They choose to bring in a consultant for help.

Deciding to work with a consultant to help with your software selection process is a choice only your organization can make. It can be extremely helpful. Just keep in mind that employing a consultant will impact your budget from the start.

2 How will you pay for your AMS?

Most AMS systems are offered through software as a service (SaaS) pricing. With SaaS pricing, you pay “X” amount of dollars per number of members, per month, and you can discontinue the relationship at any time.

Many AMS vendors have moved to a tiered pricing model, which not only accounts for the number of members, but also includes specific features within each tier. The highest tier typically includes the best and most features and functionalities.

The choice between tiers usually depends on whether you want bells and whistles to benefit your staff and members, or just need basic features to get started. Your accounting department or board may also have a preference in tiers based on cash flow constraints or how a specific tier aligns with your organization’s strategic goals.

+ TIP

Operating costs (also called on-going costs) are costs associated with keeping the system running and maintained. These costs can include software license payments, product upgrade costs, customer support fees, or hardware and/or hosting costs. Be sure to ask your potential AMS vendor about operating costs, and factor those costs into the overall estimated costs of the software.

3 What do you need your AMS to do?

As with any buying decision, you make the smartest purchase when you know ahead of time exactly what you want. That’s also true with an AMS system. But defining your requirements can get complicated in a hurry.

It can seem that the more people you talk to about your list of AMS wants and needs, the longer your list of requirements gets. That, of course, adds complexity; and complexity means added costs.

It can help to approach your requirements gathering from the perspective of “what” you are trying to achieve rather than “how” you’re trying to achieve it. Also, keep separate lists of “must haves” and “nice-to-haves”. And once you’ve established your list of requirements, stick to it as best as you can.



4 How will you implement your new AMS system?

Keep in mind that like defining requirements for your new system, the more you add, the more the scope grows. And, the bigger the scope, the more time required for the implementation team to configure, test, and deploy your AMS. And more time means more cost.

As you select an AMS vendor, be sure to learn exactly what part of the software is offered out of the box and what will need to be configured. As you do this, remember that each product has its own core offerings. So, one product vendor's base price might be significantly lower than another's, but only offers basic functionality. Choosing a product like this might keep your initial costs low, but also might limit the functionality that's included.

5 Who will be using your AMS?

For the SaaS pricing model, cost depends on the number of members your organization has, which factors heavily into your initial costs. But the cost of your AMS is much more than a numbers game.

In addition to how many members your organization has, your staff's attitude about the software also has a crucial impact on how much money you spend.

Lack of adoption and staff turnover are costs that directly relate to a new AMS system. Without staff buy-in, employees and volunteers may turn their backs on the software, become less efficient at their jobs, and even leave the organization. But when team members have bought in to the new software, they are more likely to participate in training, use the system as often as possible to become proficient, and spread the word that they like the new system.

TIP

Selecting an easy-to-use AMS system can be especially helpful for associations with small staffs, making it faster and easier for employees and volunteers to get up and running on the software.

Regardless of their role, everyone must understand the importance of the new software and its benefits for the organization. Regular communication on project status, along with executive-level sponsorship, is key to keeping everyone on board.

6 How long do you plan to use your AMS?

If anything is constant, it's change. With today's rapid evolution of technology, you need to assess changes and appropriately respond if you want to continue thriving. The investment you make now in new software will have a direct impact on how much you will spend during the years to come. The cost to use and maintain your software can quickly increase over time if the software you choose today can't adapt to your changing needs. That's why it's important to choose an AMS system that meets your current needs and can help you meet future challenges.



+ TIP

Choosing an all-in-one AMS system helps to ensure you have the complete functionality you need to meet your association's needs today and in the future.

So, there you have it: Six big factors in the cost of a new AMS system. But what does that translate into in terms of actual figures? Here are some estimates: On average, for a small association with a staff of five and member count of 1,000, the initial price of an AMS ranges between \$300 and \$750 per month. This cost varies by vendor and does not include implementation and add-on costs.

Just remember that the "price" is more than the cost of the software license. It also includes the cost of implementation, time for staff buy-in and training, and operating costs.

5 critical questions to ask yourself

While pricing is a significant factor during the software selection process, there are other critical aspects to consider when purchasing new association management software. Here are five questions you should ask yourself and some ideas to consider:

1. What will the impact be on member acquisition and retention if we DON'T replace our outdated system?

Your members may become frustrated with a poor experience, resulting in a hit to member recruitment, engagement, and retention.

2. What effect will a new, modern AMS system have on attracting and retaining staff?

Workers – especially those of younger generations – have high expectations of the technology used in a work environment. Having a modern AMS system is critical to attracting and retaining those employees and volunteers.

3. How will a new AMS improve our ability to reach our audiences?

Modern AMS systems can give your association visibility into the interests of members and prospective members and how they're interacting with your website and with your content. This has the potential to dramatically improve your ability to target your audiences with personalized content and increase leads and conversion rates.

4. Will a new AMS improve our efficiency?

A new AMS system can reduce the time required to complete tasks from start to finish. For example, how long does it take your association staff to process a new member request? Imagine the time savings if members can join or renew via a modern web portal without staff intervention.

5. Will a new AMS improve the member experience?

Engaging with members regularly helps you build long and strong relationships. A modern AMS system can help you provide a convenient online member experience, send personalized communications, share valuable resources, and engage members through your online community and in other ways.

4 steps to building a business case for new association management software

You may know that there are opportunities your association is missing because your technology isn't up to the job. Maybe you're using software (or even spreadsheets!) that no longer works for your organization, and you know it's time to do business differently.

But while you may know it's time for a change, your board may not. When you approach your board with a clear vision of the benefits of a new AMS solution, you're far more likely to earn their support.

So, how do you build a business case that gets executive buy-in and board support for a new AMS system? Here are four steps:

1. Explain the challenges.

As a starting point, explain the current situation and identify pain points within your organization. For example:

- ✓ Does your membership data live in multiple spreadsheets or an outdated homegrown solution?
- ✓ Do errors or oversights occur within the membership renewal process?
- ✓ Do you know who is engaged with your organization?

It can also help to show areas in which your association isn't reaching goals. For example:

**Our membership growth rate is X,
versus our goal of Y.**

**Our retention rate is X,
versus our goal of Y.**

**Our engagement rate is X,
versus our goal of Y.**

Then, give specific examples to help them understand what challenges exist. For example:

- ✓ **Membership growth** – It’s a struggle to recruit new members. Sending recruiting email messages is time-consuming, taking up to X hours per email to segment our list and build, test, and send an email. In addition, we don’t have a way to easily provide content to non-members, such as an online member community or online job board, with limited access for non-members to give them a preview of the benefits of becoming a member.
- ✓ **Member retention** – Our member retention efforts are limited by our technology. We need a system that allows us to implement modern member retention efforts like assigning an online community “buddy” to new members to help welcome them to our organization. Or using automated emails to send personalized messages that remind members of the benefits they have taken advantage of, the benefits they haven’t taken advantage of but still can, and the upcoming events and opportunities they’ll miss out on if they do not renew. Or offering auto-renewals to avoid lapsed membership when members simply forget to renew.
- ✓ **Member engagement** – Many of our day-to-day membership management efforts are highly manual and time-consuming. We spend significant time managing member data in spreadsheets, homemade databases, and multiple systems. We need a system that allows us to do things like:
 - Automate highly manual member management tasks.
 - Bring member data into one system so we have a more complete view of members and their interests.
 - Set up an online member community that connects members with personalized content, career and learning opportunities, and member benefits that are specific to their needs and interests.
 - Easily let members know important information and reminders, such as when event registration opens.

2. Highlight the return on investment.

Your board is responsible for your organization's financials. So, explain how the organization will benefit from an investment in a new AMS system. For example:

- ✓ How many more members could you recruit if you weren't spending so much time manually sending dues reminders?
- ✓ Would the board change their strategy if they knew exactly how members were engaged?
- ✓ How many more members could you retain if your members could auto-renew?

After you present the benefits, discuss the costs and show how the benefits outweigh them.

At this point, it can also be helpful to explain the risks of not moving to modern association management software. For example, not only will you continue to fall short of your goals, you may experience risks including:

- ✓ Member frustrations with slow, manual processes and outdated technology
- ✓ Missing out on the efficiencies and other benefits of technology advances
- ✓ Appearing outdated and falling behind your competition

3. Talk numbers.

Board members often thrive on facts. They'll want to know how long it takes to implement the new AMS and what it will cost. Give them a timeline detailing the phases of the implementation, rollout, and training. And be prepared to discuss price ranges, implementation fees, and other related costs.

4. Demo the system.

Find out which board members are interested in sitting in on a software demo with your potential AMS provider. This type of interactive experience can help leaders visualize the benefits of efficiency and modern membership management.

Make sure the provider keeps the demo short and simple. If possible, have the demo focus on a process the board is involved with, so they can see how the solution directly impacts simplifying their workload.

Take the next step toward your new AMS system.



YourMembership AMS offers affordable, easy-to-use, all-in-one membership software for small to mid-sized organizations like yours. It includes membership management functionality, an online community platform, and much more to help you attract, engage, and retain members.

Learn more about why YourMembership AMS is the ideal solution for small and growing associations like yours.

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