



REPORT

The State of AI in Advancement 2020

The Rise of the Digital Gift Officer

BY THE AAAC

www.gravityty.com.com/aaac

TRENDS

2020 has made advancement leaders rethink everything. The AAAC examines trends from workforce efficiency to newly created roles within the profession.

INSIGHTS

The AAAC builds on its benchmark study of AI in advancement and takes a direct look at workforce efficiency, the emergence of "digital" gift officers, and more.



EXECUTIVE SUMMARY



**REED SHEARD, Ed.D., Vice President for College Advancement & CIO, WESTMONT COLLEGE
AAAC CHAIR**

Fundraising today must reassess its true North. Jerold Panas set the bar and plotted the course that defined the gold standard in fundraising for the last few decades. Even if we followed these tried and true methods to a tee, the results of our philanthropic efforts would meet a sharp decline because we are now living in a new economy.

It is apparent that we may have the resiliency (and enough duct tape) to power on through our current fiscal years. But that's not true for the next fiscal year, and all sequential fiscal years are severely impacted by 2020. Many of our recent successes come on the shoulders of relationship development that began before the chaos of 2020. Advancement needs a successful fundraising model sooner, rather than later, and those who find it will emerge as the next crop of top leaders in our profession.

New Challenges Within Advancement

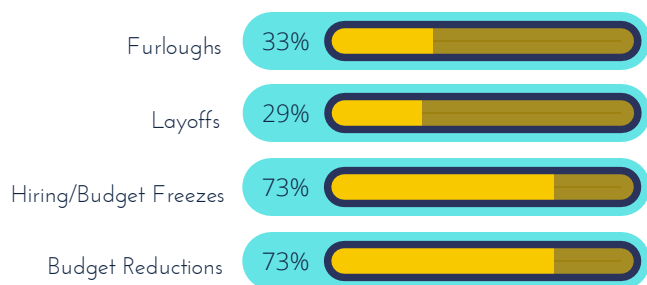


FIGURE 1

As seen in Figure 1, there are budget reductions and hiring freezes at 73% of nonprofit advancement shops. These changes alone force us to uncover strategies that produce new models for effective fundraising. When we consider that most organizations aren't changing or are even increasing giving revenue targets (Figure 2), this is a problem that needs a solution as quickly as possible. This work begins with understanding our current landscape.

Are Fundraising Targets Changing?

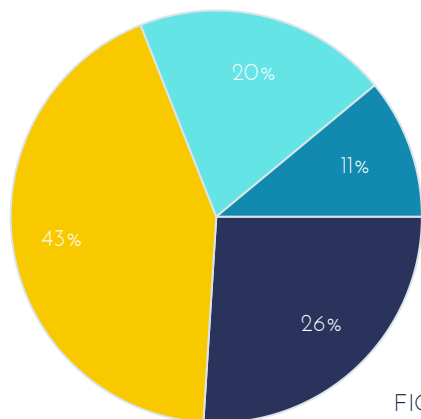
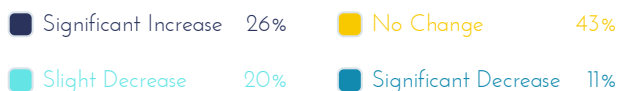


FIGURE 2



EXECUTIVE SUMMARY

With 66% of organizations considering investments in new tools and technologies to address these challenges (Figure 3) and 82% believing that artificial intelligence (AI) will be part of the solution for challenges facing fundraising teams (Figure 4), The 2020 State of AI in Advancement provides much of the context that advancement leaders need to innovate and set a path to raising funds at scale in this decade.

Amid today's environment, which of the following are you considering to manage the challenging times?

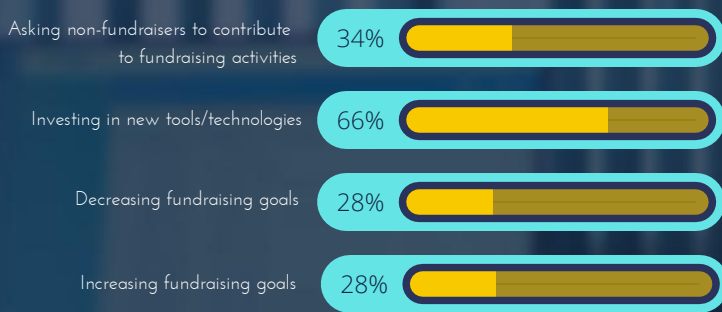


FIGURE 3

Will AI be part of the solution for solving challenges faced by fundraising teams during the COVID-19 crisis?

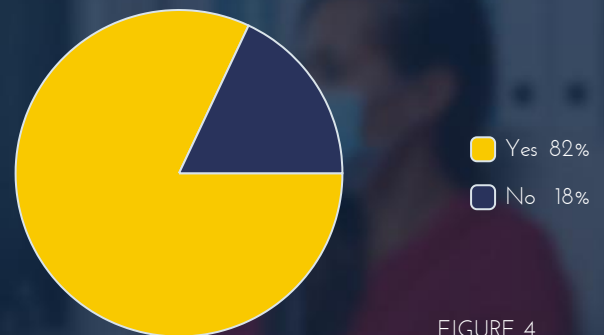


FIGURE 4

Innovation is not incorporating Zoom as a tool for your fundraisers who can't personally visit donors face-to-face. Innovation addresses the fear that 71% of advancement professionals share around donor fatigue (Figure 5), reaching deeper into the donor pyramid with less staff, and redefining roles within advancement. 62% believe that the crises we've faced in 2020 will force organizations to transition some personnel to the role of a digital gift officer (Figure 6).

Are you concerned about donor fatigue?

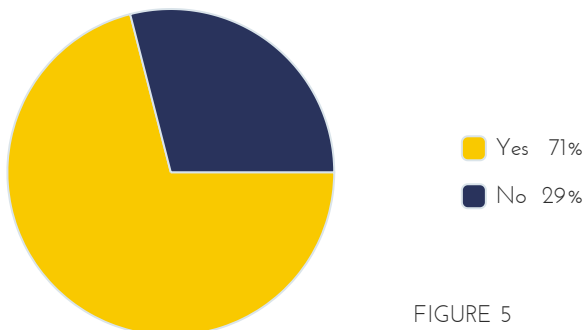


FIGURE 5

Will COVID-19 force organizations to consider transitioning some personnel to the role of a digital gift officer?

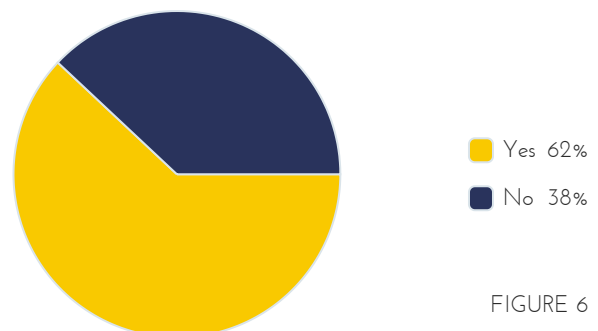


FIGURE 6



EXECUTIVE SUMMARY

Successful fundraising in this landscape is possible. Now is our time to reinvent fundraising with a digital-first approach that moves significant relationships forward at scale. As seen in Figure 7, 75% of organizations are still working on, or don't have, strategies using personal outreach to reach donors deeper in the pyramid. Those who rise to answer these incredibly difficult questions will find career-defining moments over the next few months.

I'm incredibly proud to present this year's State of AI in Advancement report along with my fellow AAAC members. Last year, the AAAC set out to open a discussion on AI in advancement. Because AI adoption and education throughout advancement have grown, we're doing more this year. We can now talk directly about the challenges we face and the solutions that AI provides for us.

REED SHEARD, Ed.D., Vice President for College Advancement & CIO, WESTMONT COLLEGE
AAAC MEMBER

Do you have a strategy to reach deeper into your donor pyramid with personal outreach?

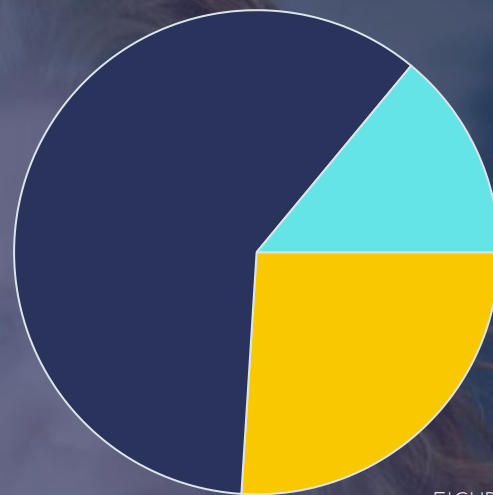


FIGURE 7

- Yes 26%
- No 60%
- We're working on it 14%



ADVANCEMENT NEEDS A SUCCESSFUL FUNDRAISING MODEL SOONER, RATHER THAN LATER. THOSE WHO FIND IT WILL EMERGE AS THE NEXT CROP OF TOP LEADERS IN OUR PROFESSION.



WORKFORCE EFFICIENCY

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Digital Gift Officer

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The Rise of the Digital Gift Officer

Workforce Efficiency in the Age of Artificial Intelligence



IF THERE IS A SILVER LINING TO 2020, IT'S THAT WE ARE FORCED TO INNOVATE AT SCALE.



WORKFORCE EFFICIENCY

The term workforce efficiency has become more emphasized over the past decade, but it has never meant as much as it does today. Nonprofit organizations are experiencing unimaginable disruptions, demands, and shifting priorities. Coupled with the expected task of raising funds to serve communities and execute missions, every organization is also examining its financial health. Budget reductions and layoffs are prevalent, with 73% of advancement shops taking these measures. Further, as 85% of shops restrict or limit travel to ensure both staff and donors' safety and well-being, and 81% no longer have events, face-to-face visits have been significantly affected -- placing a major obstacle in the path of fundraisers.

What tools does your fundraising team no longer have at its disposal due to COVID-19?



FIGURE 8

Leadership is taking action to develop operational efficiencies that stabilize nonprofits' financial concerns, deliver on missions, and keep workforces employed -- in addition to doing more with less.

Artificial intelligence improves the productivity and effectiveness of development officers. Tools like Gravyty for frontline fundraisers and Guided Fundraising for annual giving professionals allow AI to increase fundraiser capacity. With increased capacity is the ability to cultivate and develop more philanthropic relationships. Gravyty has been proven to empower organizations to personally manage and develop relationships more than 4x their previous rate.

AI relies on data and gives managers critical insights to advise staff with more informed decisions. Many advancement shops do not have the luxury of hiring additional staff on the reporting and analytics team. "Out of the box" analytics and reporting can be a huge benefit to managers deploying scarce resources.

Donor relations and stewardship is another area where AI can create efficiencies. For example, these efficiencies could come in the form of automatic notifications about significant milestones (birthdays, gifts made, gift anniversary dates) sent to fundraisers, who then take action.

If there is a silver lining to 2020, it's that we are forced to innovate at scale.

AAAC MEMBERS:

EVELYN BUCHANAN, California State University, Chico

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RICH PALMER, Gravyty



The Rise of the Digital Gift Officer

Building Pipeline in the Age of Artificial Intelligence



WE LIVE IN A WORLD WHERE OUR DONORS DON'T MERELY APPRECIATE PERSONAL COMMUNICATIONS WITH GIFT OFFICERS. THEY EXPECT IT.



BUILDING PIPELINE

Understanding the philanthropic pipeline is an essential part of the major gift fundraising process that links strategic outcomes with frontline activity. Having a hold on where potential revenue lives within the pipeline and the likelihood that it will turn into a material gift allows leadership -- such as the president, board of trustees, and CEOs -- to build a mission-driven strategy rooted in data. Likewise, it enables frontline fundraisers to center their activities on tangible goals and continuously build toward those goals throughout the fiscal year. Needless to say, throughout 2020, pipelines have changed.

If we take a look at the average advancement pipeline today, open opportunities are likely to push or cancel at a higher rate than we saw in prior years. There are two solutions to this problem: increase both the opportunities we open in the pipeline and the quality contacts our organizations have with prospects. The strategies we activate to address these two metrics will define the rate at which we can grow pipelines in these uncertain times. 82% of advancement leaders believe that AI can effectively prioritize and reach more prospects -- which is why they believe the technology is a part of the solution (Figure 4).

Of course, the numbers game at play here is only one side of the coin. Reaching more people is essential, as is the content and quality of our communications. We live in a world where our donors don't merely appreciate personal communications with gift officers. They expect it. As we increase our outreach volume, if we expect the outcome of that activity to grow our pipelines with realistic opportunities, we must find ways to scale personalization and redefine the metrics which help us plot this course. 69% of advancement professionals agree that as we replace traditional visits, each organization needs to establish new criteria for making "meaningful" contact with donors (Figure 9).

Have you introduced or do you plan to introduce new gift officer metrics?

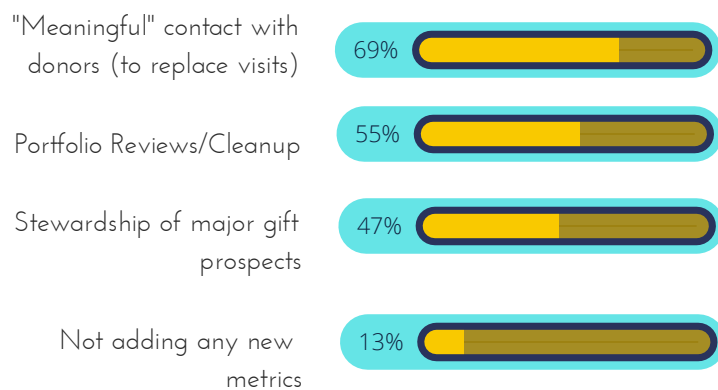


FIGURE 9



BUILDING PIPELINE

As we scale the volume of our outreach, donor fatigue is inevitable. Donors receive more updates than ever before on the pandemic, social justice issues, the election, and more. Communicating in ways that reflect our organizations, while capturing the attention of donors, is critical.

An advantage we have within advancement is available data. We often know more about our donors than our peers in the for-profit sector. Not only do we see a donor's profession and where they live, but we also have giving data, understand affinities, know when they like to give, and more. AI can help us put this data into action by segmenting our donors and prospects, customizing messaging for individual donors, and prompting fundraisers with suggested activities.

Reasons advancement leaders are concerned about donor fatigue as a result of the COVID-19 crisis

Donors' financial situations have changed

81%

Donor relationships weren't fully developed before the crisis; it's hard to grow & maintain relationships without in-person meetings and travel

41%

Organization's giving priorities no longer align with donor giving priorities

44%

Fully digital cultivation and solicitation approach is an unknown and may impact major gift relationships

55%

FIGURE 10

An agreed tenant of philanthropy is that relationships drive giving because people give to other people. Pipeline development in the Age of AI means we have opportunities to personally know more of our donors than ever before.

AAAC MEMBERS:

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DANIEL J. ALLEN, PH.D., DePaul University
SYLVIA GALEN, The George Washington University



The Rise of the Digital Gift Officer

Emerging Roles in the Age of Artificial Intelligence



WITHOUT THE ABILITY TO CONDUCT FACE-TO-FACE VISITS CONSISTENTLY AND AT SCALE, WE NOW SEE THAT 62% OF ORGANIZATIONS BELIEVE THAT A DIGITAL GIFT OFFICER ROLE WILL PROMINENTLY EMERGE.



EMERGING ROLES

Advancement offices are seeing shrinking budgets and hiring freezes that will most likely be long term, but the basic tenet of fundraising has not and will not change. It's about the relationship. Without the ability to conduct face-to-face visits consistently and at scale, we now see that 62% of organizations believe that a digital gift officer role will prominently emerge (Figure 6).

How should we expect digital gift officers to act when compared to traditional gift officers?



FIGURE 11

Gift officers in this role are dependent on technology, social platforms, and other media as vehicles for connecting to donors. Typically, the digital gift officer is charged with managing an extensive portfolio focused on the middle of the giving pyramid and lowering donor churn via increased personalized digital outreach. However, with the lack of travel in 2020, the digital gift officer role has also been extended to major gift teams. In fact, during our research for this report, the AAAC heard more than once that we should move on from the term digital gift officer and use gift officer.

Before decentralized workforces became the standard, digital gift officers were likely among the few using apps like Zoom as standard staples of their donor outreach. Now organizations are working to define the metrics that effectively track the results of a digital gift officer's engagement because the role allows large-scale personalized outreach without the hefty costs of in-person events and prospect visits. This examination of ROI is of critical importance.



EMERGING ROLES

Nonprofit organizations that use digital technologies, such as AI, to engage donors stand to gain on several fronts:

1. Organizations swamped with requests for service or donors looking to help -- such as Food Banks when the pandemic hit -- will have a way to meet demand, personally engage, and develop relationships at scale.
2. Gift officers with far-off donors can leverage technology to shorten the distance from the organization.
3. AI and other technologies become integrated tools rather than add-ons because digital platforms empower fundraisers to reach more donors without dramatically increasing costs (and sometimes at a better ROI than traditional methods).



Just as technology should be extended based on purpose and need, so should the roles within advancement. Forward-thinking organizations, and those willing to adapt to today's world, will find that marrying technology and relationship-building at scale will build broader pipelines and inspire more giving. AI that empowers advancement professionals to focus more time, energy, and resources on building relationships is powerful because it addresses critical drivers of fundraising ROI.

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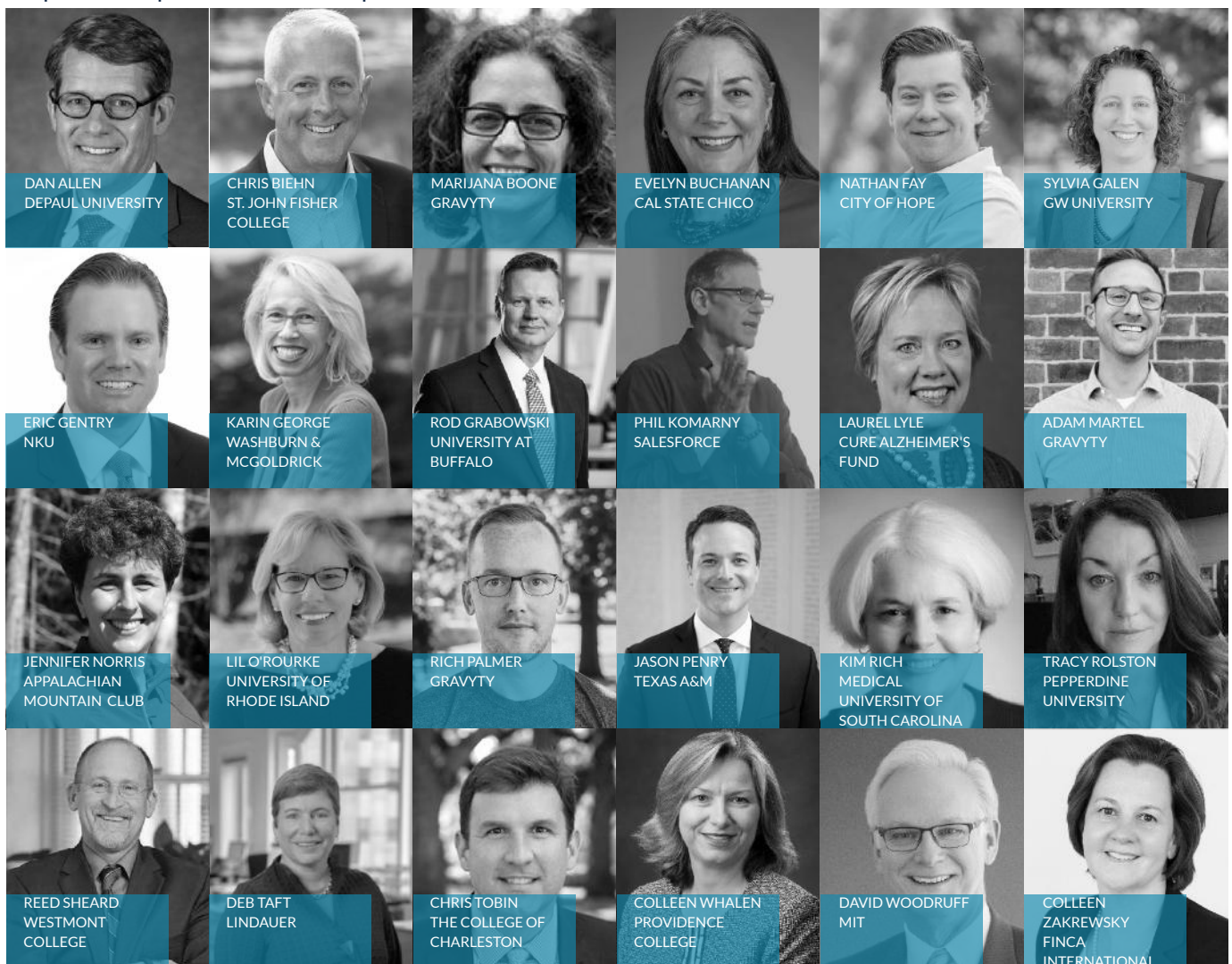
ABOUT THE AAAC



In October 2018, members of the advancement industry came together to form the AI in Advancement Advisory Council (AAAC). With the belief that artificial intelligence (AI) technology was beginning to revolutionize the way fundraising works, these leaders recognized the need to help shape AI's role in the industry. Entirely volunteer-driven by the passion of its members, the AAAC commits to open discussion on where AI technology can and should have an impact in advancement, and to solving critical challenges that stand in the way of widespread adoption.

The AAAC exists to serve our community and help promote the evaluation, use, learnings, and outcomes from applying AI in advancement.

The AAAC is chaired by Reed Sheard, Ed.D., CIO and Vice President for Advancement at Westmont College. A founding member of the Council, Reed has been a longtime recognized voice and champion for nonprofit organizations using technology to transform outcomes within advancement to make philanthropic efforts more impactful.



METHODOLOGY & CREDITS



The 2020 State of AI in Advancement report was compiled from the AAAC's volunteer members. The data used for all sections of this report comes from surveys of advancement professionals conducted between March 3, 2020, and July 29, 2020. In total, 337 advancement professionals participated in these surveys.

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