

NUCLEUS
RESEARCH

ROI: 689%

Payback: 2.4 Months

BLACKBAUD MERCHANT SERVICES NEW LIFE MEDIA

ANALYST

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THE BOTTOM LINE

New Life Media (New Life) deployed Blackbaud Merchant Services to streamline payment processing in its fundraising and online marketing software. With the solution, New Life can more efficiently update the payment information of its donors and deploy resources to other critical tasks. The organization has eliminated the need to manually track and consolidate changes by integrating Blackbaud Merchant Services' automated capabilities to its daily operations.

THE COMPANY

New Life Media, now a part of Northwestern Media, is a Christian radio ministry that primarily serves listeners in the Midwestern United States. The organization operates two radio stations, WCIC in Peoria, Illinois and WGBL in Champaign Illinois, and covers nearly two-thirds of Illinois, in addition to portions of Missouri, Iowa, and Indiana. New Life Media supports its listeners' spiritual growth through religious media.

THE CHALLENGE

As a nonprofit organization, New Life Media relies on philanthropic contributions from its donors to fulfill its operational and financial requirements. When new payment information for recurring donors, such as credit card numbers and expiration dates, was changed without notifying New Life, the organization simply lost the revenue. New Life Media employees had to manually assess which donors had expired information and then manually complete numerous steps to renew their donations. New Life could not support the inefficiencies that this setup caused and launched a process evaluation to identify areas that could be improved or streamlined.

**Cost : Benefit
Ratio**

1 : 4.0

THE STRATEGY

New Life Media considered both technology and financial services providers for credit card updating functionalities but eventually selected Blackbaud Merchant Services for two main reasons:

- **Automation.** New Life recognized that it needed to reduce the amount of time that its employees spent on updating donor payment information. Blackbaud Merchant Services' task automation capabilities enabled the organization to eliminate inefficient steps from its donation management processes and redeploy resources to other mission-critical work.
- **Usability.** New Life knew that any new solution would need to be adopted by all of its employees in order to carry out all of the changes that it wanted to make. New Life introduced Blackbaud Merchant Services' capabilities to its employees in phases and slowly ramped up the use of the tool over the course of a few weeks.

TYPES OF BENEFITS

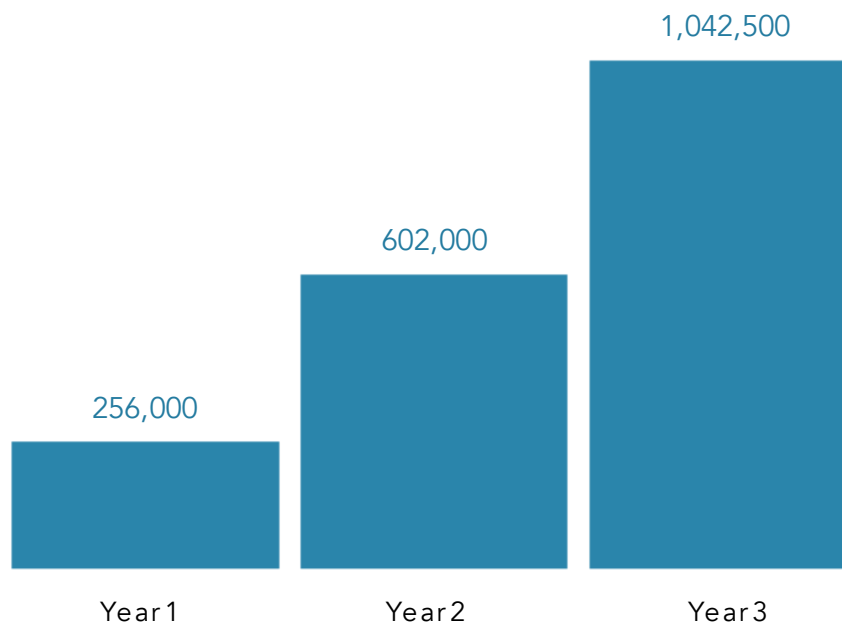


KEY BENEFIT AREAS

Because New Life Media was able to quickly implement Blackbaud Merchant Services, the solution has already delivered significant value. Key benefit areas seen as a result of the Blackbaud Merchant Services deployment include:

- Additional revenue generated by updated donor payment information. With the Credit Card Updater service, New Life Media can automatically update the payment information of its donors and ensure that gifts aren't lost due to expired or reissued payment cards. Since going live, Blackbaud Merchant Services has updated more than 2,000 credit cards for New Life Media, saving hundreds of thousands of dollars for the organization.
- Increased user productivity. New Life Media has automated many of the tasks surrounding donor outreach that previously required manual interaction to be completed. The time savings have enabled New Life employees to focus on the organization's philanthropic goals and supporting work.

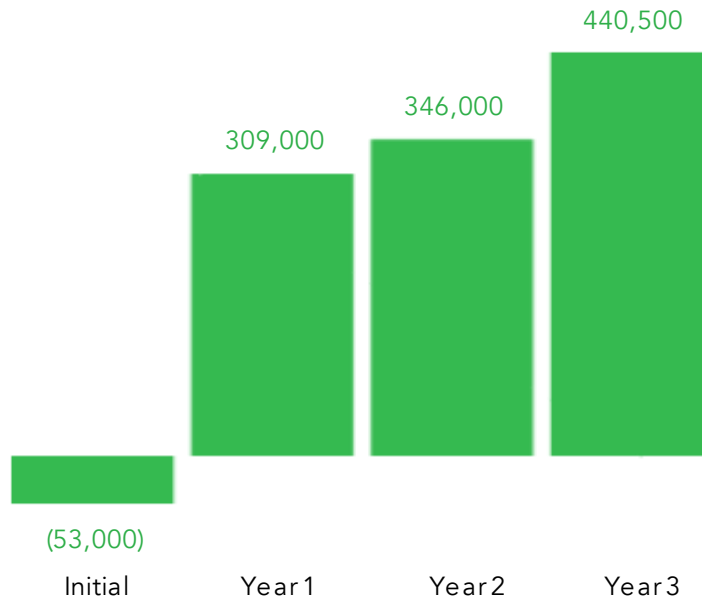
CUMULATIVE NET BENEFIT



KEY COST AREAS

The largest cost area of the New Life Media deployment was the transaction fee charged by Blackbaud Merchant Services. Another cost area over the three-year period was the employee time spent on software training when the system was initially deployed.

NET CASH FLOWS



BEST PRACTICES

Blackbaud Merchant Services is one part of the larger Blackbaud fundraising and online marketing platform but drives a considerable amount of value for New Life Media because it enables the organization to recover donation revenues that it would have otherwise permanently lost. Additionally, all the tasks associated with recurring donations, including reminders and thank-you notes, are now automated and can be executed together from Blackbaud. As a result, New Life Media's employees can spend more time on their philanthropic mission instead of creating extraneous reports and executing manual data searches.

Since deployment, Blackbaud Merchant Services has become a critical component to New Life Media's operations. Training for the software is both simple and readily available, making it easy to onboard new employees. Overall, Blackbaud Merchant Services has provided the organization with improved organizational visibility, enabling decision makers to respond to business developments more quickly and with better information.

CALCULATING THE ROI

Nucleus Research analyzed the costs of software, hardware, personnel, professional services, payment processing, and user training over a three-year period to quantify New Life Media's total investment in Blackbaud Merchant Services. Direct and indirect benefits were also quantified over the three-year period.

Direct benefits quantified included the donation revenue recovered through updated donor payment information.

Unquantified benefits included the time saved by users from intuitive workflows and automating repeatable processes. Nucleus calculated the time savings benefit using the fully loaded cost per hour of employees. Time savings were multiplied by a correction factor to account for the inefficient transfer of time between time saved and additional time worked.

Nucleus used conservative estimates of the benefits delivered from Blackbaud Merchant Services to account for additional influences associated with recurring donations. The return on investment for New Life Media's implementation of Blackbaud Merchant Services could be higher than 700%.

FINANCIAL ANALYSIS

Annual ROI: 689%

Payback period: 0.2 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	400,000	440,000	545,000
Indirect	0	0	0	0
Total per period	0	400,000	440,000	545,000

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	0	27,000	27,000	27,000
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	0	0	0	0
Training	0	0	0	0
Other	53,000	64,000	67,000	77,500
Total per period	53,000	91,000	94,000	104,500

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(53,000)	309,000	346,000	440,500
Net cash flow after taxes	(29,150)	169,950	190,300	242,275
Annual ROI - direct and indirect benefits				689%
Annual ROI - direct benefits only				689%
Net Present Value (NPV)				493,666
Payback period				0.2 years
Average Annual Cost of Ownership				114,167
3-Year IRR				594%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.