

2013 Association Management Systems Use and Satisfaction



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REPORTS

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AMS Use and Satisfaction Study, 2013

The **Lehman Reports™ Annual Survey of AMS Use and Satisfaction** is the most comprehensive study of associations' use of and satisfaction with AMS products. Findings from the study have been cited in articles in the ASAE magazine *Associations Now*, industry conference presentations, webinars, and newsletters and blog posts.

Selection of an AMS solution is a critical decision with major strategic and financial implications. As associations move to use digital media to interact with members at a deeper level, the membership database plays a critical role. It is the database of record for members and other contacts, providing the 360° view required for effective CRM and engagement strategies. It also serves as the hub for a growing number of other online applications to support email marketing, member communities, exhibits management and other services. Integration with the central database ensures that these applications use the most current member record information. Increasingly, bi-directional integration enables member activities taking place within these applications to become part of the member record. Given the broader role of helping associations manage their relationships with members, beginning with the 2014 study, these products will be referred to as membership management systems.

The AMS Study is based on findings from online surveys distributed to nearly all US-based associations with an annual budget of at least \$1M.

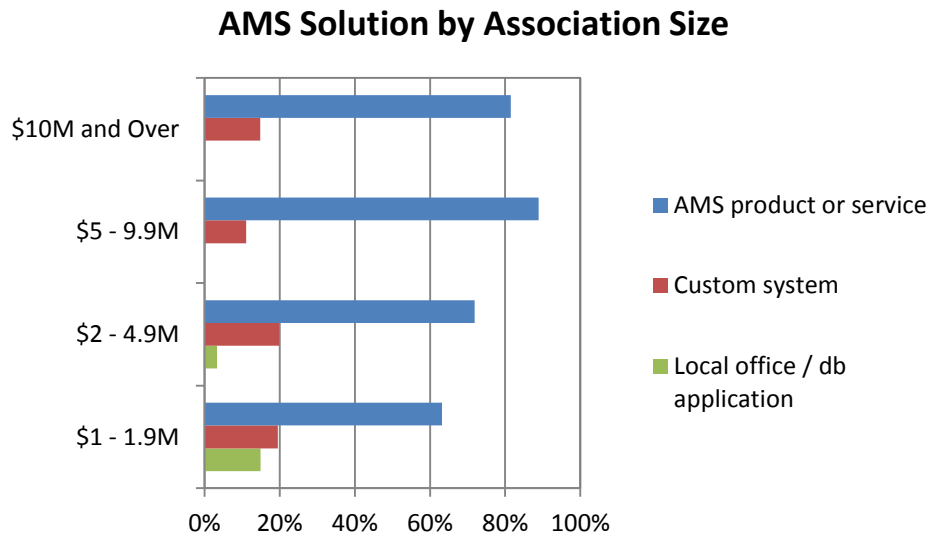
Lehman Reports™

The Lehman Reports™ is a series of industry studies focused on the use of technology by associations and other non-profits. The initial AMS market study was introduced in 2005 and is conducted on an annual basis. A second study of other online technologies in use in associations, the annual **Lehman Reports Technology Study**, launched in 2011. In 2013, the **Lehman Reports Donor Management Study** was also introduced. This annual study is undertaken in collaboration with NTEN (Nonprofit Technology Network) and is conducted across the full nonprofit market.

In addition to these three annual studies, an international version of the AMS study was conducted in 2010 and 2013 to provide a more global view. This study includes associations and other membership organizations in Canada, Australia / New Zealand, and the United Kingdom.

The Marketplace of AMS Products

Most associations in this study are using some type of AMS solution. Nearly three-quarters are using a commercial product. While a greater proportion of small associations still rely on local database and custom solutions (often built on office database applications), over 60% of even this group are using an AMS product.



There have been several ownership changes in the AMS market in the past 12-18 months. Avectra, with a major share of the association market, was acquired and combined with Sage for Nonprofits to form a new company, Abila. The combination gives Abila a stake in both the association and broader nonprofit markets. TMA Resources rebranded to become Personify Corporation in the summer of 2013. It was acquired by an investment group in the third quarter and will continue to operate as Personify and retain its focus on the association market. An earlier combination of Affiniscape and YourMembership has increased its share among smaller associations.¹

There are many AMS products available to associations ranging from highly customized, full featured enterprise systems to more standardized online solutions to systems providing a subset of features to meet the needs of a particular industry vertical.

There is no single best AMS product. The best product for a given association is one that offers required capabilities at an affordable cost.

Still, three companies continue to dominate most portions of the association market represented in this study. These companies account for over half of the installed base of

¹ Information presented is based on available materials from Abila and Personify, as well as discussions with key staff. Lehman Associates has no special knowledge of these ownership changes or of the business plans for these companies going forward.

AMS products and three-quarters of AMS products installed in larger associations. The companies are Abila (netFORUM Pro and Enterprise products), Personify (Personify product), and Advanced Solutions International (iMIS product).

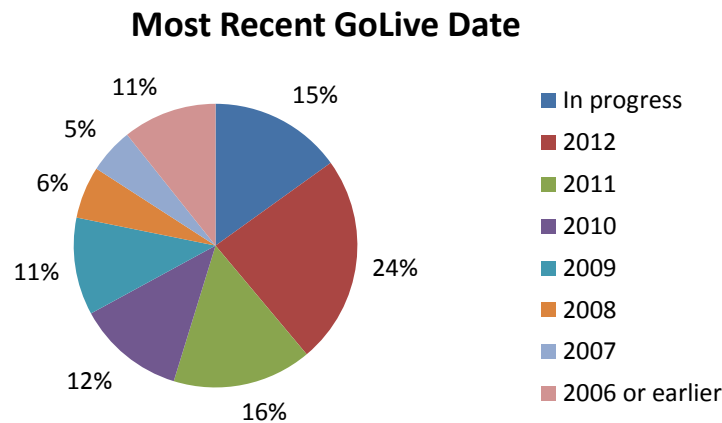
The next tier, representing just under 20% of the installed base, includes ACGI Software (Association Anywhere), Aptify (Aptify), Protech Associates (CRM for Members) and YourMembership (YourMembership / Affiniscape). Beyond that, the market becomes very fragmented with twelve companies collectively holding approximately a 13% share and an even larger number of companies holding a similar “Other” share.

ASI and Abila have a significant presence across all association sizes and ASI is the leading provider for associations with budgets of less than \$10M. Above that level, the three leader companies are evenly split. Among the largest associations – those with budgets of at least \$25M – Personify is the clear leader.

Among small associations, the mix of products is much greater. ASI and Avectra are the market leaders, but together represent less than half the installed base. More than half of this segment is shared by a number of providers, none of whom has a dominant position. Personify is not present in this segment as it focuses exclusively on larger associations.

AMS Purchasing Cycles

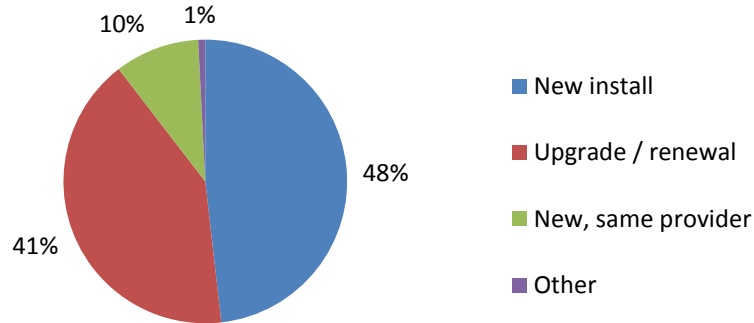
Associations enter into an AMS purchase process every 4-5 years. As a result, most systems currently in use were installed or upgraded in the past few years including 15% of associations reporting that they were in the process of purchasing or implementation at the time of the survey. This pattern has been consistent for several years.



Nearly half of these systems are the result of the installation of a new product from a new company. This is particularly true for smaller associations who are often implementing an AMS product to replace an office database or a more capable system

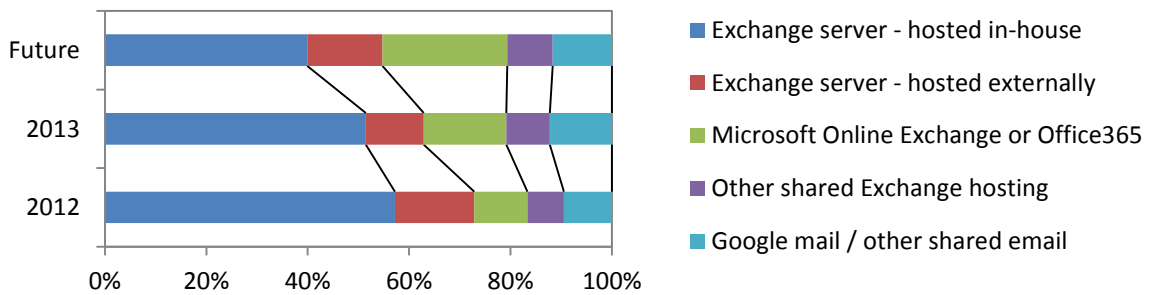
to replace one with limited features. Still, even a significant proportion of larger associations report moving to new products. Frequently, these associations are moving to one of the major providers from either a custom solution or from one of the other second tier AMS products. For larger associations already using one of the three leading providers, the majority choose to upgrade rather than move to a new product and vendor.

Type of Most Recent Implementation



There has been a substantial increase in the number of AMS products offered as online or hosted solutions, and priced as a monthly subscription rather than the traditional license model. This parallels similar trends for hosting, email, and other services. For example, the companion annual **Lehman Reports Technology Study** has for the past two years documented a migration from in-house hosting of a licensed Exchange email server to the Microsoft Office 365 service sold on a subscription basis.

Email Solution and Hosting



Lehman Reports Technology Study, 2013

As more associations adopt subscription-based AMS services, this may significantly alter the “new product versus upgrade” decision. Upgrades have typically required a significant expenditure to purchase and implement an upgraded product license, thus creating a natural decision point for the association. Shared online services (SaaS)

include regular and automatic upgrades and many hosted solutions do not charge an additional fee for upgrades. As such, what had been a license upgrade decision becomes a renewal decision. As noted in past findings and reinforced in the current study, associations who have decided to upgrade rather than implement a new product say it is more a result of trying to avoid the cost and disruption of installing a new product than a reflection of their satisfaction with the current product. With the major financial element of upgrading removed, continuing with the current vendor becomes an even easier choice.

Another factor influencing AMS decisions is its role as the hub for a growing number of third-party applications to support online engagement and e-commerce. This requires integration with the AMS, increasingly a bi-direction integration to enable activity data to flow back to the member record. The investment to develop these integrations can be significant, and changing to a new AMS system would require additional investment to redo these integrations. This too encourages associations to continue with a current AMS product. The rise of standardized online systems may mitigate this somewhat by providing standardized integration with common third-party applications, but the experience to date in this area is not conclusive.

Subscription renewal cycles are likely to be shorter than the 4-5 years for more traditional upgrade decision points. Shorter cycles reduce the commitment of renewal, another factor that may also favor continuing with a current product.

Taken together, the continuing shift from a license upgrade to a subscription renewal decision coupled with a greater reliance on integrated systems is likely to result in greater proportions of associations choosing to retain AMS solutions longer. Customer stability among at least leading providers is likely to increase. This underscores prior recommendations that associations consider the selection of an AMS as a long-term strategic decision, one that the association is likely to live with for many years to come. It also underscores the importance of selecting an AMS solution not only on current features and capabilities, but also an assessment of the provider as a long-term partner that will continue to enhance the product to take advantage of new technology and emerging business models.

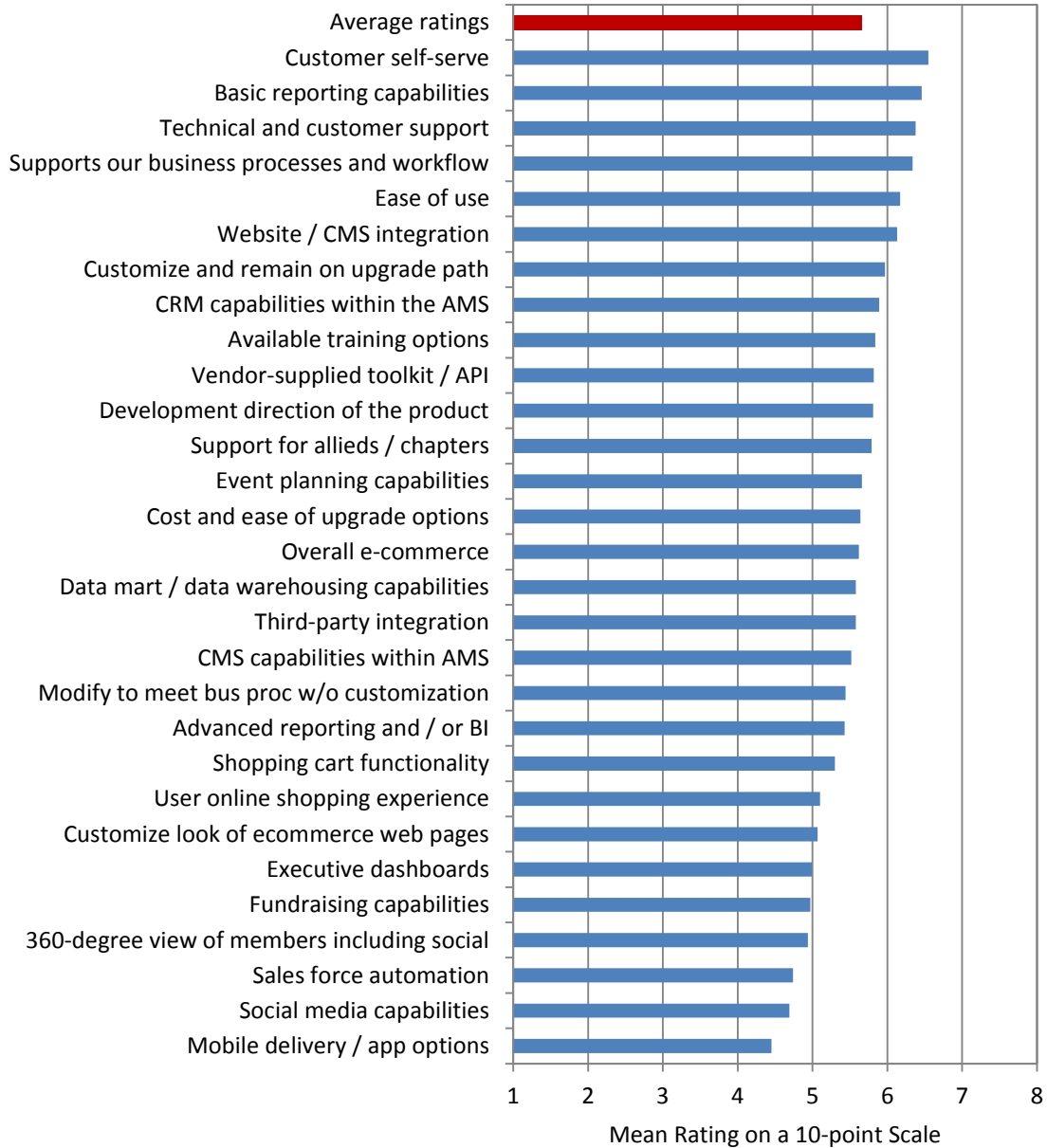
Satisfaction

Satisfaction levels for AMS products remain only moderate with an average rating of 5.7 on a 10-point scale. For the more frequently used products, average satisfaction is somewhat higher at 6.2. Most products fall in the 5.0-6.0 range.

Seven of the twenty-nine individual product or service elements receive satisfaction ratings of 6 or higher. These would be considered “basic capabilities” for a modern AMS – ease of use, basic reporting, options for members to maintain their own contact information, customer support, general workflow support, and at least basic website

integration. As the cycle of upgrade and replacement continues, we would expect to see average ratings continue to rise.

Product and Services Satisfaction



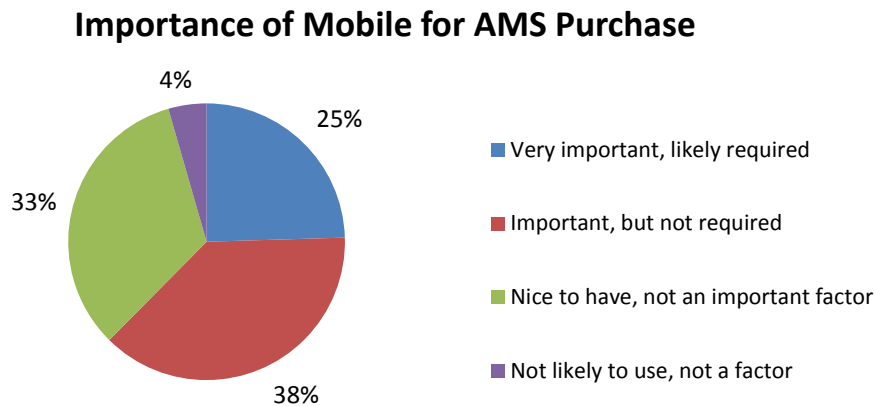
Associations are least satisfied with many important emerging capabilities to support advance analytics and business information presentation, social media, the 360° member record required to drive effective engagement, and mobile access and delivery.

Associations making an AMS purchase decision can use these satisfaction ratings to help focus the conversation on the capabilities most important to the association and on the less highly rated areas that are most likely to differentiate products.

Importance of Mobile

The importance of mobile in a future AMS purchase decision remains high but unchanged from the 2012 study. Nearly two-thirds say mobile will be an important decision factor, including one-quarter who say it will be an absolute requirement.

The increase in mobile importance ratings between 2011 and 2012 came largely from smaller associations. At this point, both smaller and larger associations assign similar importance ratings for mobile.

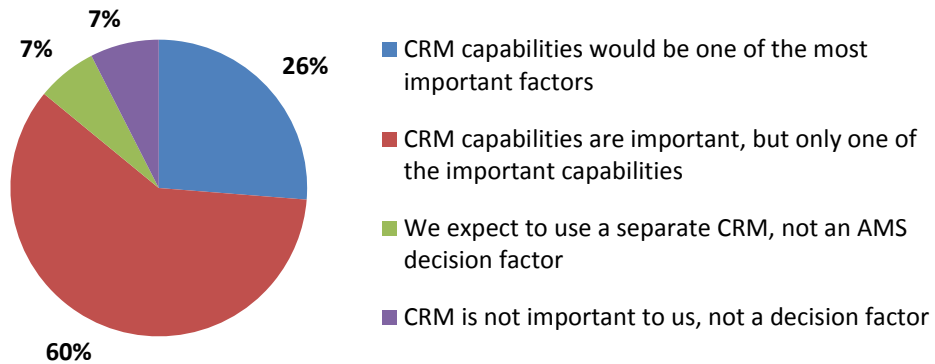


CRM and Engagement

Today, as a majority of interactions with members takes place online, associations are turning to make use of customer relationship management (CRM) models and tools to increase communications effectiveness and develop deeper relationships with members, often referred to as engagement. A common topic now is how to measure and track engagement, and several AMS products and third-party applications offer some type of engagement scoring.

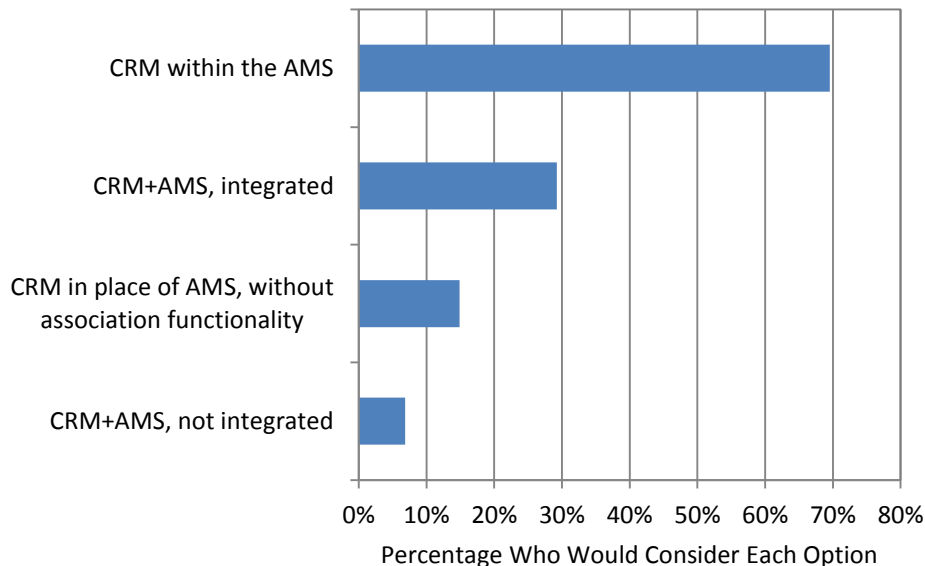
Nearly all associations assign high importance to CRM capabilities, and most expect those capabilities to be provided as part of the AMS. One-quarter say it will be one of the most important decision factors for a future AMS purchase and another 60% say it will be at least an important factor.

Importance of CRM as an AMS Decision Factor



There has been ongoing discussion about the use of so-called pure CRM applications rather than relying upon the CRM capabilities within AMS products. However, associations overwhelmingly prefer that the CRM capabilities are part of the AMS. A significantly smaller segment would at least consider using a stand-alone CRM solution if it is integrated with the AMS. Most would not even consider a CRM application as a substitute for the AMS or using a CRM tool that is not integrated with their AMS. A few AMS products are built on CRM platforms such as Salesforce.com and Microsoft Dynamics CRM. These would be included in the first category as AMS products.

CRM - AMS Options



Measuring engagement is a current topic for associations, as it is in commercial sectors. Based on a **Lehman Reports Snapshot Survey™** conducted in August, 2013, most associations, 75%, believe engagement measurement is or will be important, but only 25% are actually measuring engagement today. Of those who are, they are evenly split between using engagement scores generated by the AMS or third-party tools such as private social media applications, and engagement score algorithms developed by the association.

Approaches to Measuring Engagement

