# 2014 AMS Market Study

## AMS Use and Satisfaction Study, 2014

The **Lehman Reports™** annual AMS study is the most comprehensive study of associations' use of and satisfaction with AMS, CRM and other membership management applications. Findings from the study have been cited in articles, industry conference presentations, webinars, newsletters and blog posts.

Selection of an AMS solution is a critical decision with major strategic and financial implications. As associations move toward using 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 degree 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. Bi-directional integration can enable member activities taking place within these applications to become part of the member record. Many associations make use of embedded, integrated capabilities such as CMS and social media, thus lessening the need to purchase and integrate separate third-party applications.

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

The AMS Study is based on findings from online surveys distributed to 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 2006 and is conducted on an annual basis. The annual **Lehman Reports Association Technology** study covers other online technologies in use in associations and has been conducted since 2011. The **Lehman Reports Donor Management Systems** study was introduced in 2013 and is conducted across the full nonprofit market. It is undertaken in collaboration with NTEN (Nonprofit Technology Network).

In addition to these three annual studies, an international version of the AMS study was conducted in 2010 and again in 2013 to provide a more global view. This study includes associations and other membership organizations in Canada, Australia / New Zealand, and the United Kingdom. Short **Snapshot Surveys** gather information on specific topics augmenting findings from the major studies.

## The Use of AMS Products and Services

Most associations are using some type of AMS solution.  Nearly three-quarters are using a commercial product. In the past, smaller associations have shown a lower use of AMS products and services, with many using standard or lightly customized versions of office applications such as Microsoft Access and Excel. However, over the past few years, many of these smaller organizations have replaced those systems with an AMS, most often taking advantage of moderately priced online AMS services that are now available. As a result, the use of AMS products and services by smaller organizations is now on par with that of their larger counterparts.

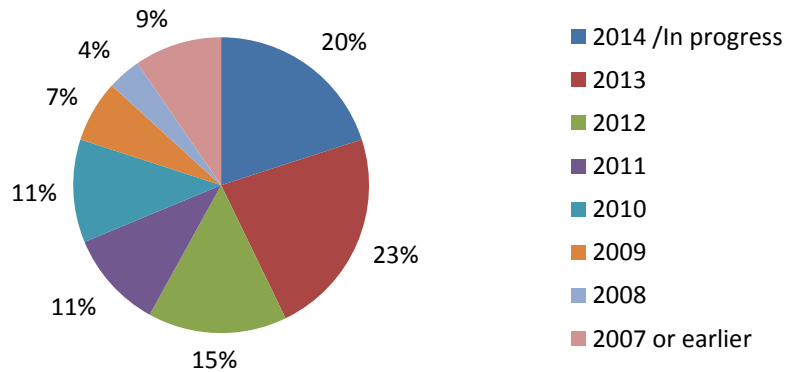### AMS Solution By Association Size
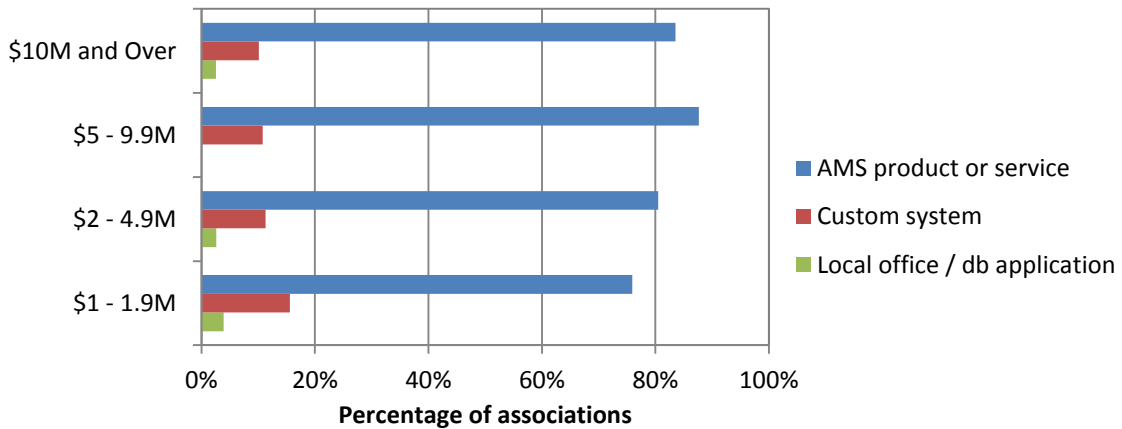
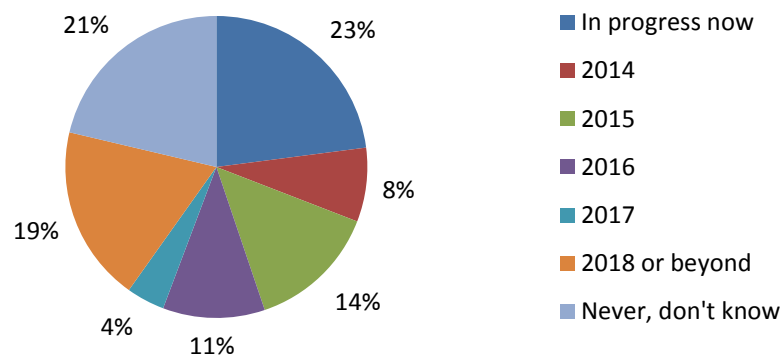

### AMS Use by Smaller Associations
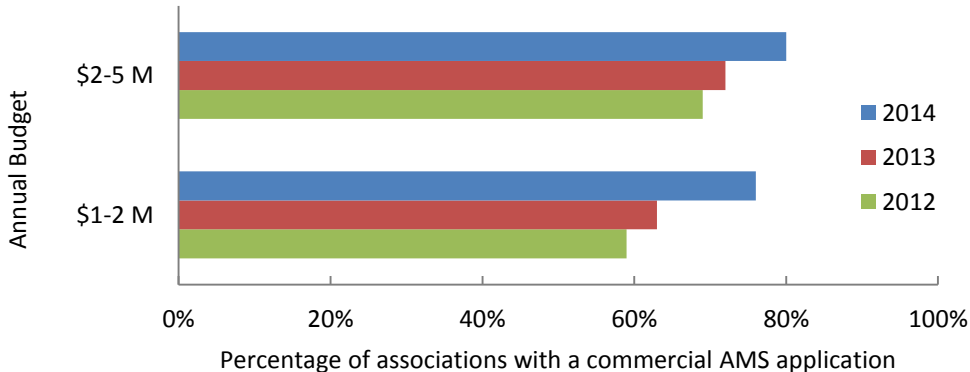
## Purchase Cycles

On average, associations make an AMS decision every 4 to 5 years. Most of the AMS systems in use were installed or upgraded (or continued through a subscription renewal) in the past several years. Only 20% of these systems are more than 4 years old. Looking forward, this pattern is likely to continue, with most associations saying that they expect to enter into a decision process within the next few years.

### Most Recent GoLive Date

- 2014 /In progress — 20%
- 2013 — 23%
- 2012 — 15%
- 2011 — 11%
- 2010 — 11%
- 2009 — 7%
- 2008 — 4%
- 2007 or earlier — 9%

### Anticipated Next Purchase

- In progress now — 23%
- 2014 — 8%
- 2015 — 14%
- 2016 — 11%
- 2017 — 4%
- 2018 or beyond — 19%
- Never, don't know — 21%

The regular cycle of AMS purchasing does not, however, suggest a market that changes rapidly. At the most recent decision point, 60% of associations that were using an AMS product chose to continue with that product. For leading AMS products, the figure exceeds 80%. Looking forward, a similar pattern is evident. Associations that are using one of the half-dozen or so leading products are likely to stay with those products at the next decision point.

Most new product installations replace the use of office database applications or limited, lower-tier AMS products. Implementing a new product is costly, and time-consuming, and can be very disruptive. Organizations are reluctant to take that on and will do so only if the existing system simply cannot meet their needs and a new system offers those required capabilities. Lacking a serious deficiency, some feel that while a new system may offer new capabilities, it may also introduce new issues and challenges. Most of those who do anticipate changing are currently using a product other than one of the half-dozen or so leading AMS products.

## Likelihood to Remain with Current Provider at the Next Decision Point



- Very likely
- Somewhat likely
- Nether likely nor unlikely
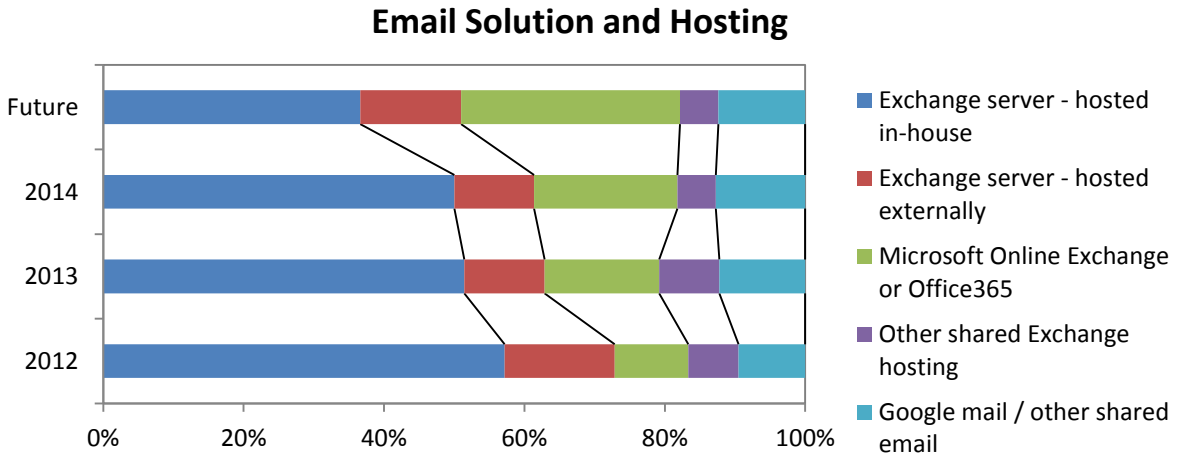- Somewhat unlikely
- Very unlikely
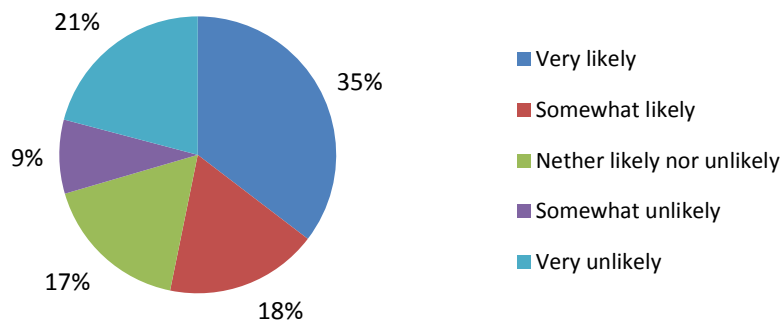
### A Shift to the Cloud

Associations like other organizations are making greater use of cloud-based solutions. These take on various forms. One commonality is that applications are no longer run on in-house servers, and increasingly, those external servers are not directly managed by association IT staff. Two core functions that have a long history of being hosted in-house show this trend. As recently as 2012, a majority of associations with an AMS hosted that application in-house. That has fallen to just 37% in 2014. In contrast, the use of vendor-hosted solutions has risen from 30% to 46%. This has been driven in part by the adoption of online AMS offerings, but even the fully customizable applications used by large associations are now most frequently sold as hosted solutions.

## AMS Hosting Trends



- Vendor hosted
- Hosted In-house
- Hosted externally, not vendor
- SaaS / online service
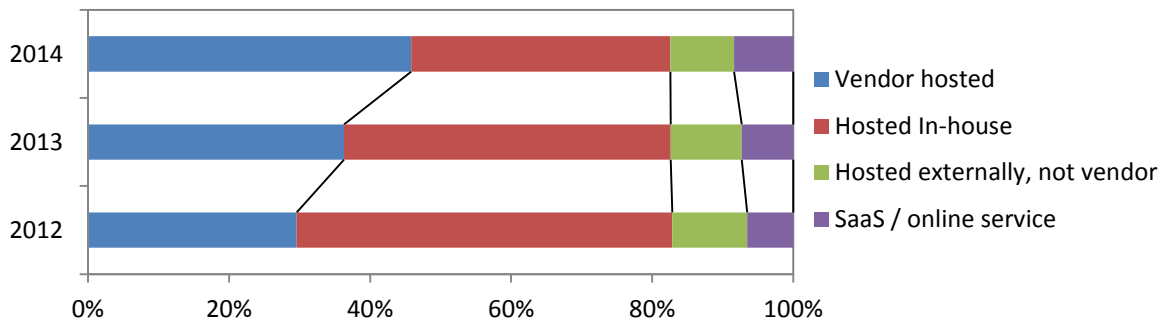
A similar pattern is evident in email. Nearly 60% of associations hosted an in-house Exchange server in 2012, a figure that is projected to fall to about 40% by the end of 2015. The major growth has been with the use of Microsoft Office 365 which includes online exchange hosting.

## Email Solution and Hosting



Legend:
- Exchange server - hosted in-house
- Exchange server - hosted externally
- Microsoft Online Exchange or Office365
- Other shared Exchange hosting
- Google mail / other shared email

Another element fueling this migration is the use of third-party applications to extend and enhance AMS and website functionality. Findings from the **Lehman Reports Association Technology** study show that nearly all of the covered types of third-party applications will be used by more than half of associations by the end of 2016. Nearly all are provided as online services. As associations have become more comfortable with these applications residing online, it may have increased the acceptance of moving core functions such as the AMS and email online as well.
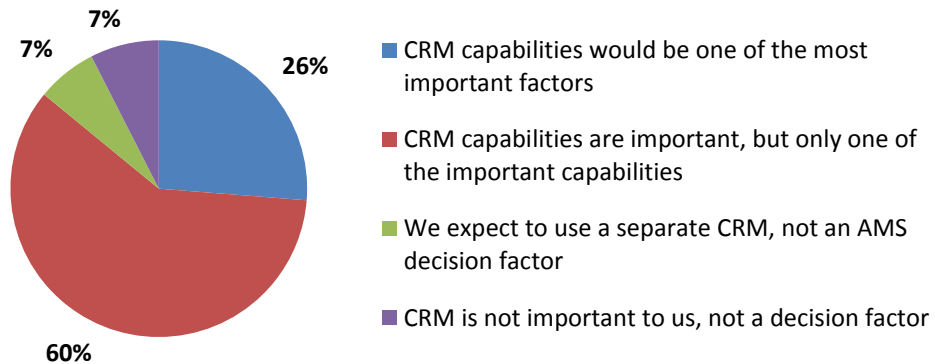
## Projected Third-party Application Adoption
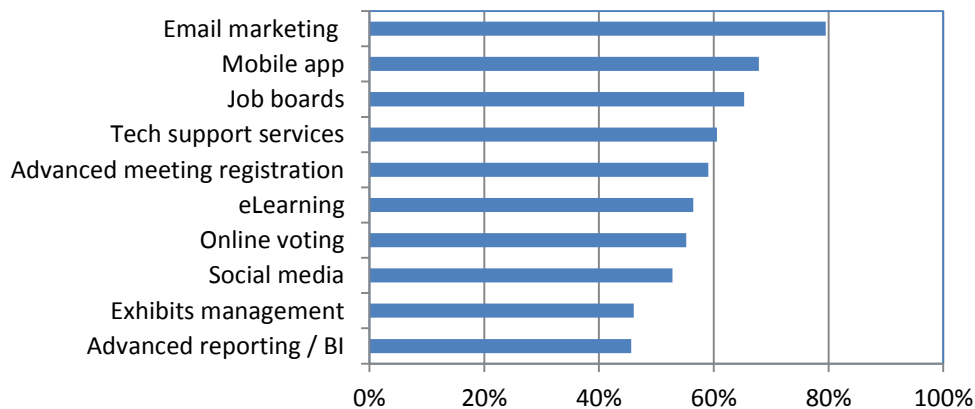


*Associations with $2M+ budgets*
*Lehman Reports Association Technology study*

**Percentage of associations projected will have service by the end of 2016**
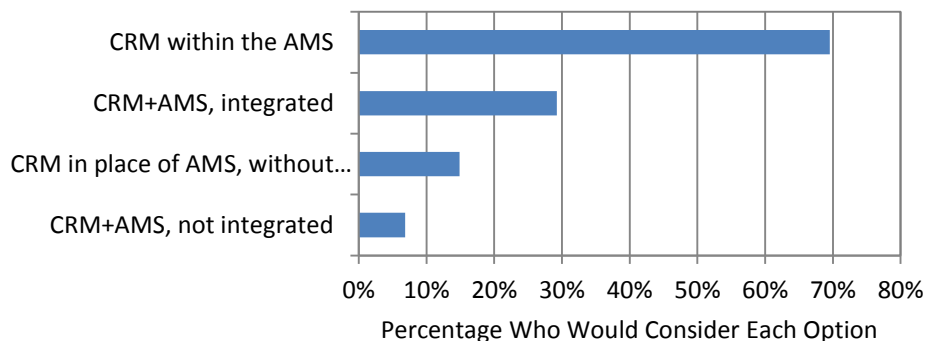
## CRM and Engagement

As noted in the 2013 report, associations are making greater use of customer relationship management (CRM) models and tools to support communications and content strategies in order to develop deeper relationships, or engagement, with members. As a result, associations place a high importance on CRM capabilities as they choose an AMS system, and most expect those capabilities to be provided as part of the AMS, or at least to be fully integrated with the AMS. Most say that they would not consider a CRM application as a substitute for the AMS if it does not have association-specific capabilities. Two approaches have emerged. The first is for AMS providers to continue to enhance the CRM capabilities within their products. The second is to develop AMS products built on CRM platforms, including SalesForce.com and Microsoft Dynamics CRM.

### Importance of CRM as an AMS Decision Factor



- 7%
- 7%
- 26%
- 60%

- ■ CRM capabilities would be one of the most important factors
- ■ CRM capabilities are important, but only one of the important capabilities
- ■ We expect to use a separate CRM, not an AMS decision factor
- ■ CRM is not important to us, not a decision factor

### CRM - AMS Options



CRM within the AMS
CRM+AMS, integrated
CRM in place of AMS, without…
CRM+AMS, not integrated

0%  10%  20%  30%  40%  50%  60%  70%  80%

Percentage Who Would Consider Each Option

### *Importance of Integration*

The increased use of third-party applications, combined with the increased focus on CRM, places great importance on the AMS as the repository of member information. For CRM strategies to be effective, member records need to reflect a 360 degree view of member interests and activities, much of which today takes place within the third-party applications and on the association website. Integration becomes a critical factor to both populate these other applications and to bring back activity data to the AMS member record. Indeed the most frequently cited reason for associations that did install a new product was to gain greater integration capabilities.

## Satisfaction

Associations remain only moderately satisfied with their current AMS solution, with an average satisfaction rating across 29 areas of only 5.6 on a 10-point scale.

Areas receiving the highest satisfaction ratings (6 or higher) include:

> Basic reporting capabilities
> Customer self-service such as being able to update contact information
> Ease of use
> Website / CMS integration
> Technical and customer support
> Support for business processes and workflow

Areas with low satisfaction (less than 5) include:

> Mobile delivery options
> Social media capabilities
> Sales force automation
> Engagement scoring
> 360 degree member records, including social
> Executive dashboard

The importance of these 29 areas varies by association. When evaluating prospective AMS products, associations may want to pay particular attention to areas with mid-to-low satisfaction ratings, and especially to those that are important functions for the association.

# Product and Services Satisfaction

| Category | Rating |
|---|---|
| Basic reporting capabilities | 6.4 |
| Customer self-serve | 6.4 |
| Ease of use | 6.1 |
| Website / CMS integration | 6.1 |
| Technical and customer support | 6.1 |
| Supports business processes / workflow | 6.1 |
| CRM capabilities within the AMS | 5.8 |
| Available training options | 5.8 |
| Event planning capabilities | 5.7 |
| Development direction of the product | 5.6 |
| Average ratings | 5.5 |
| Data mart / data warehousing capabilities | 5.5 |
| Customize and remain on upgrade path | 5.5 |
| Overall e-commerce | 5.5 |
| Vendor-supplied toolkit / API | 5.5 |
| Support for allieds / chapters | 5.4 |
| CMS capabilities within AMS | 5.4 |
| Third-party integration | 5.4 |
| Cost and ease of upgrade options | 5.3 |
| Advanced reporting and / or BI | 5.3 |
| Shopping cart functionality | 5.3 |
| Meets bus proc w/o customization | 5.1 |
| User online shopping experience | 5.1 |
| Customize ecommerce web pages | 5.0 |
| Executive dashboards | 4.8 |
| 360-degree member view w social | 4.6 |
| Engagement scoring | 4.6 |
| Sales force automation | 4.5 |
| Social media capabilities | 4.3 |
| Mobile delivery / app options | 4.2 |

Average Satisfaction Rating on a 10-point Scale

## Implementation

Implementation of a new AMS product or a major upgrade of an existing product is a challenge. It is a difficult, costly and disruptive process for any organization. By a small margin, the majority of associations who completed an implementation in the past four years say the process met their expectations in terms of time, difficulty and cost; and most feel the performance of the system after implementation met expectations. This is an improvement over past findings. Still, nearly feel it took longer and was more difficult than they expected, and forty percent say performance falls short.
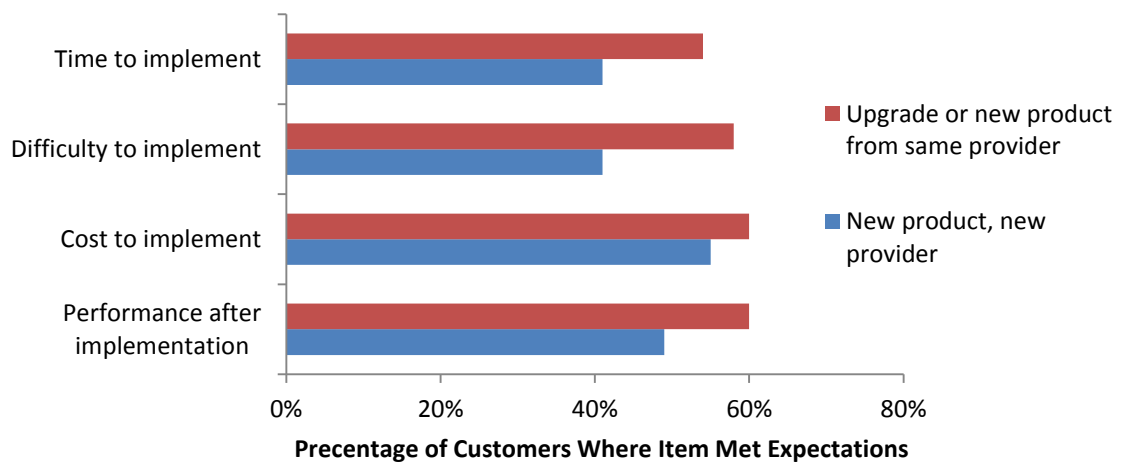
Associations installing a completely new product are significantly more critical of the process. Only about 40% feel the implementation met expectations for the time and difficulty, and only half feel the performance of the installed products met expectations.

**Implementation Experience vs. Expectations**
Associations implementing a new or major upgrade in the past 4 years



Much better ■ Somewhat better ■ As expected ■ Somewhat worse ■ Much worse
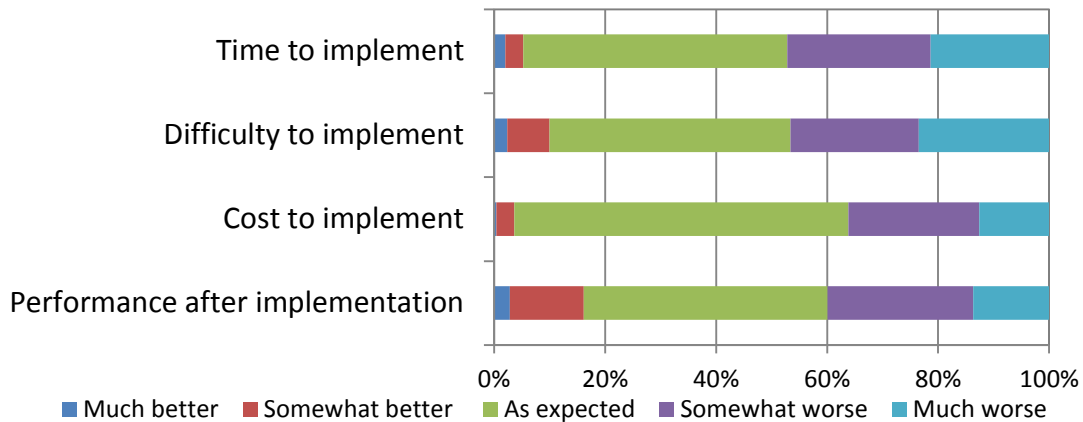
**Implementation Experience by Type**



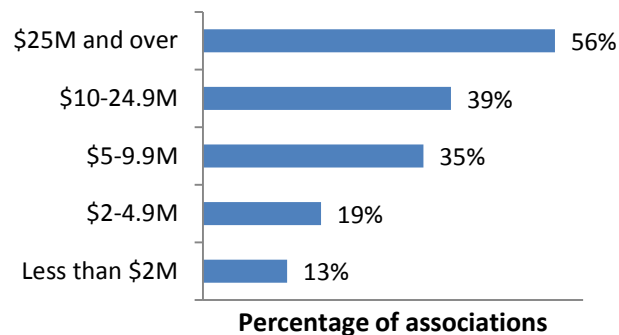Precentage of Customers Where Item Met Expectations

## Technology Leadership

Increasingly, the business of associations and the value they provide takes place online. Technology has evolved from being simply a tool to increase productivity and efficiency, to becoming a significant component of organization strategy. Online conference registration speeds and enhances the previous approaches that involved faxed registration forms and telephone calls. Social media, on the other hand, introduces a new paradigm for how associations interact with members and how members interact with one another. It is not merely a more efficient way to conduct networking.

To take advantage of these opportunities and gain maximum return on technology investments requires executive-level technology presence. The CIO or equivalent position is a full participant with other senior leadership as organization goals and strategies are developed. It is a step beyond the senior IT director position, and it recognizes that the role of technology in organizations has changed. It is a critical position, but most associations, including larger organizations, do not have it. Some technology support firms offer a virtual CIO role, but, for the most part, this is a senior-level IT planning position, not an executive-level CIO.

Larger organizations can and should create a full-time CIO position. Smaller organizations should consider contracting part-time for this position.

## Senior Technology Position

| Category | Percentage |
|----------|-----------|
| $25M and over | 56% |
| $10-24.9M | 39% |
| $5-9.9M | 35% |
| $2-4.9M | 19% |
| Less than $2M | 13% |

**Percentage of associations**

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