



Beta Learning Phase Report

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Executive Summary

The NGOsource Repository of equivalency determination information was conceived by grantmakers as a quick, reliable, affordable, and easy-to-use web-based service designed to help U.S. grantmakers evaluate whether an NGO outside of the U.S. is the equivalent of a U.S. public charity. It is expected to launch in April 2011. The Beta Learning Phase, which ran from October 2009 to April 2010, was designed to gather feedback from grantmakers and NGOs as they put live equivalency determinations (EDs) through a Beta version of the NGOsource service.

Overview and Methodology

I. Goals

The Beta Learning Phase had three main goals:

(1) To gain direct feedback from grantmakers and NGOs about the NGOsource web-based portals and wizards

- Including identifying feature improvements, software bugs, and performance issues.

(2) To gain direct feedback from grantmakers and NGOs about client service processes

- Including quality of phone and email support; FAQs and related materials; context sensitive help; and business processes.

(3) To gather critical pre-launch data to test business plan and business cycle assumptions

- Including average times for client request processes, average times for ED review, and differences between categories of NGOs.

II. Participants

To further these goals, the Beta Phase included participation by three user groups and the NGOsource review team. User groups included: grantmakers, TechSoup Global Network members, and recipient NGOs. More details about the user groups are listed further in the “Participants” section.

III. Phases

In December 2009, the NGOsource team conducted a mid-point assessment to evaluate which goals had already been accomplished during the Beta Phase and which goals remained unmet. Based on this assessment, several adjustments to the methodology were implemented. First, the team actively solicited grantmakers for more EDs, specifically live EDs, to increase the volume of EDs received. Second, the team implemented new member processes to proactively work at shortening the life cycle of any individual ED from 9-10 weeks to 5-6 weeks. The differences between the pre-December period and the post-

December period (loosely termed Beta Phase I and Beta Phase II) and the results of each phase are discussed below in the "Phases" section.

Results and Metrics

Eleven grantmakers participated in the Beta Learning Phase and received training on the grantmaker portal. By the end of the Beta Phase in April 2010, the NGOsource review team had processed 31 ED requests for NGOs in 17 countries. More metrics from Beta are listed further in the "Results and Metrics" section.

Summary of Key Learnings and Recommendations

Key learnings and recommendations from the Beta Learning Phase include:

- (1) The Grantmaker Portal is an effective tool for grantmakers, and any updates should focus on continuing to keep it as simple and easy to use as possible.
 - a. *Recommendations.* Grantmakers want the Grantmaker Portal to provide a straightforward and easy-to-read snapshot, and they therefore favor simplicity over the inclusion of more information.

- (2) Common questions by NGOs should be addressed with clearer instructions and expanded Help text.
 - a. *Recommendations:* Although many answers are located in the FAQs and Help text, answers to common questions should be easier to find. Clearer instructions need to be included on the public support pages, in particular, explaining how many years of data is required for new organizations.

- (3) Offline application capability is needed.
 - a. *Recommendations:* The NGOsource team will make printing functionality available on the NGO Portal. In addition, fax and telephone capacity must be part of the standard network member training and rollout.

- (4) NGOs often classified themselves incorrectly.
 - a. *Recommendations:* Because NGOs had difficulty identifying their own organization type, NGOsource should recalibrate the approach to determining an organization's type by:
 - i. Providing more guidance on the Charity Type selection screen.
 - ii. Soliciting optional feedback from grantmakers regarding their best guess of an NGO's type.
 - iii. Requesting related activity data for all publicly supported organizations.
 - iv. Making the NGO Portal country specific and removing questions that do not pertain to an NGO due to its location.

- (5) Resolving complicated EDs takes much longer than anticipated.
- a. *Recommendations:* After resolving difficult legal issues during Beta, NGOsource should include standard questions regarding these complex issues in the online questionnaire and document responses, thereby reducing the time required for additional back-and-forth between a network member and the NGO.
- (6) Highly duplicative communications occur between review team and network members, and between network members and NGOs.
- a. *Recommendations:* To eliminate much of the emailing back and forth between NGO, network member, and review team, answers to more common follow-up questions (for example, dealing with lobbying if you are a Publicly Supported 1 organization or non-discrimination policies if you are a school) should be built into the NGO Portal.
- (7) Bottlenecks occur when an NGO is not expecting an email from NGOsource.
- a. *Recommendations:* The Grantmaker Portal should require a grantmaker to send an introductory email to each NGO for which it requests an ED, introducing the service and advising the NGO to rapidly respond to NGOsource's emails and requests.
- (8) The amount of encouragement required to have NGOs submit by the deadline was underestimated.
- a. *Recommendations:* To ensure that NGOs respond in a timely manner, NGOsource should:
 - i. Create a repository of standardized email templates.
 - ii. Automate notifications to the NGOs to decrease the time spent by network members in manually emailing to follow up with NGOs.
 - iii. Provide greater visibility into the status of EDs through a combination of staff support and technical tools.
- (9) The time for ED review team processing is highly dependent on having correct and complete information.
- a. *Recommendations:* To ensure that the ED review team receives correct and complete information, NGOsource should:
 - i. Automate the network member checklist to allow members to spend more time communicating with NGOs and encouraging them to submit information.
 - ii. Provide more training to members focused on ED requirements and "softer" customer service skills.
 - iii. Act as resource for network members by participating in the design and delivery of trainings for members and by helping to ensure that the network members understand what data needs to be collected for the ED review.

- (10) The online questionnaire model was used successfully with all NGOs that participated in the Beta Phase.
- a. *Recommendations:* The team should continue to update the equivalency determination questionnaire and tailor the questions as much as possible to the particular NGO.

More details regarding these findings are discussed below in the “Key Learnings and Recommendations” section of this report.

Conclusion

The Beta Learning Phase provided a tremendous learning opportunity for the NGOsource team. As the Phase progressed, the NGOsource team recalibrated its approach and made important changes to systems, processes and plans. By working directly with grantmakers and NGOs, the NGOsource team identified where the bottlenecks in the ED process occur, which qualification questions are most confusing, and what processes could be further streamlined. Over the remainder of 2010, the NGOsource team will focus on implementing enhancements based on feedback received during the Beta Learning Phase and adapting plans accordingly. Other key activities underway in 2010 will also continue, including seeking regulatory approvals, exploring strategic partnerships, marketing the NGOsource service, and preparing for operations.

Overview and Methodology

Throughout its lifecycle, an equivalency determination passes through the hands of several different NGOsource users, each of whom interacts with a separate and distinct portion of the technological systems. Therefore, to appropriately capture the entire user experience, the NGOsource team engaged all of the different user types — grantmakers, NGOs, TechSoup Global Network members, and the review team — during the Beta Phase.

I. Goals

The Beta Learning Phase had three main goals:

- (1) To gain direct feedback from grantmakers and NGOs about the NGOsource web-based portals and wizards***
 - Including identifying feature improvements, software bugs, and performance issues.
- (2) To gain direct feedback from grantmakers and NGOs about client service processes***
 - Including quality of phone and email support; FAQs and related materials; context sensitive help; and business processes.
- (3) To gather critical pre-launch data to test business plan and business cycle assumptions***

- Including average times for client request processes, average times for ED review, and differences between categories of NGOs.

In December 2009, the NGOsource team conducted a mid-point assessment to evaluate which goals had already been accomplished during the Beta Phase and which goals remained unmet. Based on this assessment, several adjustments to the methodology were implemented. The differences between the pre-December period and the post-December period (loosely termed Beta Phase I and Beta Phase II) and the results of each phase are discussed below in the "Phases" section.

II. Participants

A. Grantmakers

“I’ve been using the Beta version of NGOsource to follow prospective grantees’ progress through the equivalency determination process. With NGOsource streamlining EDs, maintaining the review standards required by the IRS, and greatly reducing our international grantmaking legal fees, I expect that we’ll carry out fewer grants under expenditure responsibility rules.”

– Rik Treiber, *Associate Corporate Secretary and Director of Grants Management*,
Carnegie Corporation of New York

In October 2009, NGOsource formally invited members of the Advisory Council to participate in the Beta Phase. In addition, Kyle Reis invited select members of the Grants Managers Network to participate. Grantmakers were asked to 1) simulate the ED request process by submitting the names of NGOs to the Grantmaker Portal and 2) provide feedback on both technical functionality and business processes.

Each grantmaker who agreed to participate in the Beta Phase (listed below) was trained in how to use NGOsource during either a live webinar or an in-person visit by the NGOsource team. During the training, grantmakers were given a high-level overview of the NGOsource service and a detailed tour of both the Grantmaker Portal and the NGO Portal. Grantmakers also had the opportunity to ask questions and provide initial thoughts or comments. After the training, grantmakers were assigned an account manager who gave them access to the Beta Phase website and instructions on how to enter ED requests. Grantmakers were instructed to submit any feedback, questions, or comments to their account manager via email.

Below is a screenshot of the landing page of the Grantmaker Portal, also known as the dashboard:



Each dashboard is specific to a particular grantmaker, showing key information regarding the status and progress of its various ED requests. This dashboard exemplifies the simplicity of the portal and was very well received by all grantmakers participating in the Beta Phase.

The following is a list of the grantmakers who participated in the Beta Learning Phase.

| # | Grantmakers |
|---|--|
| 1 | Bill & Melinda Gates Foundation |
| 2 | Carnegie Corporation of New York |
| 3 | Fidelity Charitable Gift Fund ¹ |
| 4 | Gordon & Betty Moore Foundation |
| 5 | Schwab Charitable |

| # | Grantmakers |
|----|--|
| 6 | Silicon Valley Community Foundation |
| 7 | The Christensen Fund |
| 8 | The Lemelson Foundation |
| 9 | The Rockefeller Foundation |
| 10 | W.K. Kellogg Foundation |
| 11 | Anonymous Private Foundation (Budget <\$50M) |

¹ Fidelity did not submit an ED request but provided valuable feedback on services and processes.

B. TechSoup Global Network Members

The TechSoup Global Network (TSGN), made up of Partner NGOs (PNGOs) as well as a European hub organization, Fundacja TechSoup (a Polish public benefit foundation), is a key component of the NGOsource business process. The network plays an essential role in managing an ED because the members directly involved act as the primary support for an NGO as the NGO completes the ED questionnaire. As a result, network members are responsible for ensuring that submissions are high quality and are completed and passed along to the review team in a timely manner.

Though TSGN includes a total of 32 members, a smaller subset of seven members as well as Fundacja TechSoup, were selected to participate in the Beta Phase. These seven network members (listed below) acted in many different capacities during the Beta Phase, including submitting EDs for their own organizations through the NGO Portal, providing feedback on the training structure, materials and application, and supporting NGOs through the submission process.

| # | TechSoup Global Network – Members Participating in Beta | Country |
|---|---|--------------|
| 1 | Centro Mexicano para la Filantropía (CEMEFI) | Mexico |
| 2 | Charity Technology Trust (CTT) | UK |
| 3 | Fundacja TechSoup | Poland |
| 4 | Hong Kong Council of Social Service | Hong Kong |
| 5 | NASSCOM Foundation | India |
| 6 | SANGONet | South Africa |
| 7 | TechSoup Canada | Canada |

To provide the network members that participated in the Beta Phase with the knowledge and skills necessary to carry out their essential functions, the NGOsource team conducted training sessions in November 2009. Each member attended two training sessions: one by conference call and one by webinar. The sessions, led by Sarah Newton of Charity Technology Trust, focused on teaching members about the equivalency determination questionnaire and training them on how to review NGO responses. A third session was planned to train members in customer service procedures but was not rolled out because ED volume was lower than expected during November and December 2009.

Because of this lower ED volume, which occurred due to the timing of Beta grantmakers' grant cycles, network member support during Beta was handled by Fundacja TechSoup in Poland and the NGOsource review team only. The remaining Beta member sites will be trained closer to the official launch of the NGOsource website, starting with Mexico in Fall 2010.

C. NGOs

The Beta Learning Phase provided the first opportunity for international NGOs involved in equivalency determinations to interact with the NGO Portal of NGOsource. Equivalency information for 31 NGOs was entered into NGOsource's online portals during the Beta Phase. (Although offered, no NGO chose to use offline methods for entering data, such as facsimile, mail, or telephone. These methods will be tested during the Spanish-language Beta Phase in Fall 2010.) Working directly with real-world NGOs was deemed critical to the NGOsource team's efforts to standardize and streamline the ED process.

Screenshots of the online questionnaire for participating NGOs are included below:

Home

Equivalency Determination Wizard (Fundacja TechSoup)

Welcome

Charity Type

Organization

- Basic Information
- Basic Information 2

Contact

Tax-Exempt Status

section is completed

section has errors

Organization

Help

Basic Information

Name of organization in English *:
Fundacja TechSoup

Name of organization in local language (no special characters) * 🗣️:

Please enter any other names under which your organization conducts business or has conducted business in the past. 🗣️:

What is your nonprofit registration number? 🗣️:

Address of primary office - line 1 *:
Al. Ujazdowskie 37 lok 3, 3a, 3b

Address of primary office - line 2:

Address of primary office - line 3:

City of primary office *:
Warsaw

Country of primary office *:
- Select country -

[Home](#)

Equivalency Determination Wizard (Fundacja TechSoup)

Welcome

Charity Type

Organization

Contact

Tax-Exempt Status

Document Upload

Operational Test

Activities

Organizational Test

Political Activity

Influencing Legislation

Dissolution

Personal Benefit

Tax-Exempt Status

Organizational Test

Is your organization registered solely for charitable purposes? *

Yes

No

Do the governing documents of your organization allow it to conduct activities that are not charitable? *

Yes

No

Do the laws in your country allow the organization to conduct non-charitable activities as a substantial part of its total activities? *

Yes

No

section is completed

section has errors

[Back](#) [Continue](#)

NGOsource received 24 live EDs, 1 hybrid ED, and 6 completed EDs. An ED was considered "live" if the NGOsource team worked directly with an NGO to gather documents and the review team simulated the equivalency determination process. An ED was considered "hybrid" if the NGOsource team did not directly interact with an NGO but instead processed documents provided by the grantmaker. In addition, a few grantmakers provided "completed" EDs. In these cases, the grantmakers had already gathered the documents from the NGO and completed the equivalency determination themselves. Completed EDs became important training tools for the review team, as they allowed the team to compare the approaches taken by different grantmakers.

Working with live EDs during the Beta Phase allowed the NGOsource team to identify confusing areas in the questionnaire and bottlenecks in the process. Live EDs also provided NGOsource with direct feedback from NGOs as the NGOs interacted with the equivalency determination questionnaire.

The following chart lists EDs that were live, hybrid, or completed (sorted by Grantmaker):

| # | NGO | Country | Live | Hybrid | Completed |
|---|------------------------------------|----------------|------|--------|-----------|
| 1 | The Overseas Development Institute | United Kingdom | | | ✓ |
| 2 | AfricaBio | South Africa | | | ✓ |
| 3 | Obafemi Awolowo University | Nigeria | | | ✓ |
| 4 | University of Education, Winneba | Ghana | | | ✓ |

| # | NGO | Country | Live | Hybrid | Completed |
|----|---|----------------|------|--------|-----------|
| 5 | The International Institute for Strategic Studies | United Kingdom | | | ✓ |
| 6 | Amazon Environmental Research Institute (IPAM) | Brazil | | ✓ | |
| 7 | Pacific Salmon Foundation | Canada | ✓ | | |
| 8 | The Pembina Foundation for Environmental Research and Education | Canada | ✓ | | |
| 9 | Instituto del Bien Comun | Peru | ✓ | | |
| 10 | Serpentine Gallery | United Kingdom | ✓ | | |
| 11 | European Climate Foundation* | Netherlands | ✓ | | |
| 12 | Global Campaign for Climate* Action | Canada | ✓ | | |
| 13 | KTH Royal Institute of Technology | Sweden | ✓ | | |
| 14 | Yothu Yindi Foundation | Australia | | | ✓ |
| 15 | Gujarat Mahila Housing SEWA Trust | India | ✓ | | |
| 16 | Thailand Environmental Foundation+ | Thailand | ✓ | | |
| 17 | SAHIA Association* | South Africa | ✓ | | |
| 18 | The Mary Robinson Foundation* | Ireland | ✓ | | |
| 19 | Ashoka Emprendedores Sociales | Mexico | ✓ | | |
| 20 | Asociacion Mexicana para la Seguridad Ciudadana | Mexico | ✓ | | |
| 21 | Centro de Negocios Sustentables* | Mexico | ✓ | | |
| 22 | Fundacion del Empresariado en Mexico A.C. | Mexico | ✓ | | |
| 23 | Fundacion IDEA | Mexico | ✓ | | |
| 24 | Fundacion ProEmpleo Productivo | Mexico | ✓ | | |
| 25 | Union de Empresarios Para la Tecnologia en la Educacion (UNETE) | Mexico | ✓ | | |
| 26 | Institucion Renace A.B.P. | Mexico | ✓ | | |
| 27 | Connecting Up Australia+ | Australia | ✓ | | |
| 28 | Foundation Donor for Donors | Germany | ✓ | | |
| 29 | Enclude+ | Ireland | ✓ | | |
| 30 | Japan NPO Center | Japan | ✓ | | |
| 31 | Institut Razvitiya Informatsionnogo Obshestva | Russia | ✓ | | |

*New Organizations

+Publicly Supported (PS) 2 type organizations, which have significant amounts of earned income and/or revenue.

III. Phases

The Beta Learning Phase was originally intended to run from October 2009 to February 2010. As discussed earlier, in December 2009, the NGOsource team conducted a mid-stream assessment of the current status and outcomes of the Beta Learning Phase. The

team discovered several areas that needed more attention or a new strategy. The areas that needed attention will be discussed in more detail below. To ensure adequate collection of the most constructive data and feedback, the team recommended several key changes. Another key factor in this mid-stream assessment was the news (which was not public at the time) that NGOsource would not be launching in February 2010, as originally planned.¹

A. Beta Phase I

The first part of the Beta Phase ran from October 2009 to December 2009. Key accomplishments during this time included:

- 8 out of the 11 Beta grantmakers participated in a formal onboarding process.
- All 7 of the selected Tech Soup Global Network members were formally trained.
- 14 EDs were processed.
- Nearly 360 degree testing of technical systems was conducted, with the following results:
 - GM Portal = fair (user interface needed adjustment)
 - NGO Portal = fair (user interface needed adjustment)
 - Network member support functionality = good
 - Review team functionality = good
- Testing was done by all types of users:
 - Grantmakers of different sizes and types
 - Network members
 - NGOs
 - Review team
 - Project stakeholders

When assessing its accomplishments during the December 2009 review, the team found several key areas that, if left unaddressed, would compromise the success of the Beta Phase, including:

- The volume of EDs submitted by participating grantmakers never reached expected numbers.
 - This lower volume during the Beta Phase was mostly due to the fact that many of the participating grantmakers were at the end of their funding cycles in November and December. As a result, as of December 2009, NGOsource had not gathered enough data to truly test its business assumptions. In addition, the lower volume of EDs led to the decision to

¹ The delay of launch was caused by a significant increase in the estimated amount of time needed to receive critical regulatory approvals. At the suggestion of Caplin & Drysdale, the team decided to seek approval of establishing an Equivalency Determination Information Repository (EDIR) from the Treasury Department. The Revenue Procedure approval process is expected to run in parallel with the IRS private letter ruling previously submitted to support NGOsource. Approval of the Revenue Procedure is expected to facilitate approval of the IRS ruling. As of the date of this report, pending approvals from the IRS and Treasury Department, the project is expected to launch in April 2011. For more information, see <http://www.techsoupglobal.org/ngosource/news>.

only bring Fundacja TechSoup and the NGOsource review team online to interact with live NGOs. Charity Technology Trust, TSG's network partner in London, provided detailed feedback on the service but did not work directly with NGOs during the Beta Phase. The other selected network members (listed above in Section IIB) received training but also did not interact with NGOs.

- The types of EDs submitted by grantmakers were less than optimal to test business processes.
 - Because the team received many completed EDs during the first part of the Beta Phase, fewer NGOs had the opportunity to directly interact with the NGO Portal during that period. This lack of live EDs limited the depth and breadth of feedback received in regards to the functionality and usability of the questionnaire. Furthermore, the lack of live EDs limited member exposure to and learning about the legal, technical, and business aspects of supporting NGOs during the submission process.
- The full lifecycle test of the NGOsource service for grantmakers was minimal.
 - Due to the limited number of live EDs, participating grantmakers were not able to fully "test" and experience the entire lifecycle of the service. For example, grantmakers who submitted completed EDs did not use the Grantmaker Portal or account managers to track the status of ED requests.
- The time for an NGO to complete its submission was longer than anticipated.
 - One of the key business assumptions of NGOsource was that the average turnaround for an ED would be 5-6 weeks. During Beta Phase I, the average time to complete an ED was 9-10 weeks.

All of these issues were then addressed in Beta Phase II.

B. Beta Phase II

The second part of the Beta Phase lasted from January 2010 to April 2010. As a result of the mid-stream assessment, the team implemented two changes to its approach to address the gaps identified. First, the team actively solicited grantmakers for more EDs, specifically live EDs, to increase the volume of EDs received. Second, the team implemented new network member processes to proactively work at shortening the life cycle of any individual ED from 9-10 weeks to 5-6 weeks

The following chart summarizes the improvements from Beta Phase I vs. Beta Phase II:

| Metric | Beta Phase 1 | Beta Phase II |
|--------------------|--------------------|-------------------|
| Volume of live EDs | 5 | 15 |
| ED Lifecycle | 72 days (10 weeks) | 41 days (6 weeks) |

During Beta Phase II, the volume of live EDs increased significantly, due in large part to requests from the W.K. Kellogg Foundation (which submitted eight requests for Mexican NGOs) and the Rockefeller Foundation (which submitted three requests). To decrease the overall ED processing timeline, network members began to email NGOs more frequently and closely track the status of submissions. As a result, NGOsource was able to meet more of its deadlines, achieving the goal of a six week maximum turnaround from the time an NGO began to submit responses to the online questionnaire to the time it was declared certified or not certified by the review team.

As a result of these two significant changes, by the close of the Beta Phase, the number of live EDs increased from 5 to 15 NGOs, and the average length of ED delivery was shortened from 72 to 41 days. More detailed metrics and learnings are discussed below.

Results and Metrics

Key metrics from the Beta Learning Phase (Phase I and Phase II) include:

| # | ED Metrics | Result |
|---|---|---|
| 1 | Total number of EDs | 31 |
| 2 | Total number of live EDs | 24 (including 5 for the organizations from the TechSoup Global Network who participated) |
| 3 | Number of countries | 17 |
| 4 | Number of EDs escalated to outside counsel | 1 |
| 5 | Number of EDs requiring more info by review team | 7 |
| 6 | Average time to review | EDs meeting IRS standards: 1 hour EDs not meeting IRS standards: additional 3-5 hours of drafting emails, phone calls, re-reviewing, and other follow-up |
| 7 | Average time to deliver completed ED (for "live" EDs) | Phase I: 72 days (10 weeks) Phase II: 41 days (6 weeks) |
| 8 | Spread of organization types: | Publicly Supported Type 1: 26 Publicly Supported Type 2 ² : 3 Educational institutions: 2 New organizations: 5 |

² The main difference between PS1 and PS2 type organizations is that PS1 organizations are primarily funded through grants and donations, while PS2 organizations have significant amounts of earned income and/or revenue.

| # | ED Metrics | Result |
|-------------------------------|--|---|
| 9 | Most challenging areas for NGOs | Identifying correct organization type; completing the public support schedule correctly |
| Network Member Metrics | | |
| 1 | Average time for Member review | 15 minutes |
| 2 | Time spent tracking EDs | Phase I: 30 minutes every 2 weeks Phase II: 10 minutes a day per ED (1-4 hours a week, depending on volume) |
| 3 | Percentage of NGO questions escalated to review team | 50% of questions |
| 4 | Time spent supporting NGOs | Phase I: 5-10 minutes per email. Phase II: 10-15 minutes per email, including sending out higher volume of more carefully tailored reminder emails to ensure completion by the deadline. |

Key Learnings and Recommendations

“When the creation of a centralized equivalency determination repository was first announced, our foundation was very excited about the prospect of streamlining the equivalency determination process for potential grantees and reducing the duplication of efforts by other funders. We have been participating in the Beta version of NGOsource and see its work as fundamentally improving the ability of US funders to support foreign nonprofit organizations. I commend the team for its innovative work and ability to translate a complex IRS procedure into a user-friendly, effective and efficient system for funders and grantees alike.”

– Sasha Abrams, *Senior Counsel*, Gordon and Betty Moore Foundation

The team gathered feedback from grantmakers, network members, and NGOs during the initial training webinars and throughout Beta. The feedback was collected and prioritized using an online shared document, which allowed many users to collaborate simultaneously. Much of the feedback has already been implemented into the systems and processes, but the majority of enhancements will be bundled into two major releases, one on May 4, 2010, and the other on September 1, 2010.

By working directly with grantmakers, network members, and NGOs, NGOsource gathered invaluable data and feedback during the Beta Phase. As a result, the NGOsource Beta Learning Phase has met its three goals:

I. To gain direct feedback from grantmakers and NGOs about improving the NGOsource web-based portals and wizards.

During the Beta Phase, many different grantmakers and NGOs had the opportunity to walk through both the Grantmaker Portal and the NGO Portal. As a result, many new features and enhancements were suggested as well as the discovery of several bugs.. Testers also identified areas of the portals that caused confusion. Many of these system and process improvements have already been implemented and more enhancements will be rolled out later this year. Based on the feedback, the NGOsource team learned that:

1. The Grantmaker Portal is an effective tool for grantmakers, and any updates should focus on continuing to keep it as simple and easy to use as possible.
 - a. *What we learned:* Early usability tests and feedback received throughout the Beta Phase indicated that grantmakers were pleased with the simplicity and ease of use of the Grantmaker Portal. Grantmakers shared helpful suggestions regarding what NGO detail to display and how to communicate that an ED was completed.
 - b. *Recommendations:* Grantmakers want the Grantmaker Portal to provide a straightforward and easy-to-read snapshot, and they therefore favor simplicity over the inclusion of more information. NGOsource should continue to allow grantmakers to request specific documents from their account managers as necessary, as opposed to providing all information received from NGOs directly on the portal,. In addition, Help text for the “Target Completion Date” field is needed to clarify the general 4-6 week timeline for EDs and the potential to expedite the request for an additional fee.
2. Common questions from NGOs should be addressed with clearer instructions and expanded Help text.
 - a. *What we learned:* Based on questions received from NGOs, we discovered that many of the same issues came up repeatedly. For example, many NGOs had questions about currency types, the public support schedule, and lobbying.
 - b. *Recommendations:* Although many answers are located in the FAQs and Help text, answers to common questions should be easier to find. Clearer instructions need to be included on the public support pages, in particular, explaining how many years of data is required for new organizations. During the Spanish-language Beta Phase that will be launched later this year, NGOsource will have the opportunity to test the clarity of its questions and answers in a language other than English.
3. Offline application capability is needed.
 - a. *What we learned:* NGOs need a way to print out the application and ask others in the organization for data.

- b. *Recommendations:* The NGOsource team will make printing functionality available on the NGO Portal. In addition, fax and telephone capacity must be part of the standard network member training and rollout.
4. NGOs often classified themselves incorrectly.
 - a. *What we learned:* Many NGOs were uncertain about how to select the correct organization type. Correct selection of organization type is important because it determines which public charity test applies to that NGO, which in turn determines what questions the NGO has to answer and what standard the review team applies to the NGO. In addition, NGOs had difficulty determining whether they are a Publicly Supported 1 or Publicly Supported 2 organization. For example, many NGOs claimed to be PS2 organizations but did not report any related activity income.
 - b. *Recommendations:*
 - i. *Provide more guidance on the Charity Type selection screen.* Because NGOs had difficulty identifying their own organization type, NGOsource should recalibrate the approach to determining an organization's type. One possible approach could be to reframe questions; for example, by asking "Do you have students and classrooms?" rather than asking "Are you a school?" NGOsource should also include Help text to educate NGOs about organization types.
 - ii. *Solicit optional feedback from grantmakers regarding their best guess of an NGO's type.* NGOsource should consider soliciting feedback from the requesting grantmaker as to possible organization type. For example, when requesting an ED, the grantmaker could be asked for its best guess as to the NGO's type (with the option to decline to answer). The goal of any new approach should be to ensure better accuracy in determining an organization's type upfront, thus reducing work for the NGO.
 - iii. *Request data regarding related activities.* In the public support schedule, NGOsource should make it a practice to ask for related activity income. If the organization does not have any related activity income, then the line may be skipped. However, if the organization does enter related activity income, the review team can determine whether the organization should be treated as a PS1 or PS2 organization.
 - iv. *Make the NGO Portal country specific.* To reduce the number of questions that an NGO must answer, NGOsource should remove questions that do not pertain to an NGO due to its location. This will help further streamline the submission process.

II. To gain direct feedback from grantmakers and NGOs about client service processes.

The NGOsource team received important feedback from grantmakers, network members, and NGOs regarding work processes. By processing live ED requests, NGOsource also worked through difficult areas of the law and identified ways to streamline processes. The NGOsource team made many discoveries during the Beta Phase:

1. Resolving complicated EDs takes much longer than anticipated.
 - a. *What we learned:* Wrestling with difficult legal issues often added several weeks to the processing timeline, mostly due to the time needed to communicate with outside counsel and to the fact that this was the first time many of these difficult issues arose.
 - b. *Recommendations:* By resolving difficult legal issues during the Beta phase, the review team learned how to handle similar EDs in the future. For example, the team researched and consulted outside counsel regarding the limitations on lobbying activity for nonprofits. Based on the answers from outside counsel, NGOsource should create a system for determining whether or not an NGO engages in an impermissible amount of lobbying. The team should also draft standard questions for the online questionnaire on this topic, thereby reducing the need for additional back-and-forth between a network member providing local support to an NGO and the NGO. In addition, the team should continue to create and maintain a knowledgebase of documents explaining how to handle specific cases.
2. Highly duplicative communications occur between review team and network members, and between network members and NGOs.
 - a. *What we learned:* Throughout the Beta Phase, the team discovered that a large percentage of communications between the different users was repetitive. Between the review team and the network members, the most frequent topics needing clarification centered around incorrect documentation submitted by NGOs and explanations of concepts such as lobbying. Between the network members and NGOs, the most frequent topics centered around the public support schedule and incorrect documentation.
 - b. *Recommendations:* To eliminate much of the emailing back and forth between NGO, network member, and review team, answers to more common follow-up questions (for example, dealing with lobbying if you are a PS1 organization or non-discrimination policies if you are a school) should be built into the NGO Portal. Network members should have access to a knowledgebase of documents explaining how to handle common issues.

III. To gather critical pre-launch data to test business plan and business cycle assumptions.

The Beta Phase provided a critical opportunity to test business assumptions and learn where the bottlenecks in the process lay. In particular, NGOsource learned that:

1. Bottlenecks occur when an NGO is not expecting an email from NGOsource.
 - a. *What we learned:* One of the key findings was that NGOs were not responsive to emails from NGOsource unless NGOsource was properly introduced by the grantmakers. In fact, the fastest ED was completed by an NGO whose grantmaker explained the ED process and the role of NGOsource during an in-person site visit.
 - b. *Recommendations:* The Grantmaker Portal should require a grantmaker to send an introductory email to each NGO for which it requests an ED, introducing the service and advising the NGO to rapidly respond to NGOsource's emails and requests. NGOsource will provide a customizable email template for grantmakers. The email template will contain language that alerts NGOs that they will soon be contacted by NGOsource to start submitting their information online. Upon launch, grantmakers will be encouraged to notify their grantees about NGOsource and provide information and a link to the system on the grantmakers' websites.
2. The amount of encouragement required to have NGOs submit by the deadline was underestimated.
 - a. *What we learned:* EDs with 2-3 week deadlines require more time contacting and re-contacting the NGO until a response is received. Even for EDs with a 4-6 week timeframe, a lot of reinforcement was and will be required.
 - b. *Recommendations:*
 - i. *Create repository of standardized email templates.* Because many of the communications between NGOs and the network members contained similar information, creating standardized email responses to common questions and issues will reduce member efforts and ensure quality support throughout our member network. For example, a standard first email should be created for members to send to NGOs. This template email should provide an introduction and also include the text of the invitation email (with the NGOsource login and password).
 - ii. *Automate notifications to NGOs.* To decrease time spent by network members in manually emailing to follow up with NGOs, follow-up emails should be sent automatically by the system directly to NGOs as reminders during the ED submission.
 - iii. *Provide greater visibility into the status of EDs through a combination of staff and technical tools.* To ensure that the ED submissions are moving along and will meet their deadlines, NGOsource should carefully track the progress of EDs. Tracking EDs will be managed through a combination of staff and technical tools to provide greater visibility into each ED's status.

3. The time for review team processing is highly dependent on having correct and complete information.

- a. *What we learned:* The ED review team discovered that the review process can be quick (under 1 hour) as long as the correct documentation meeting IRS standards is submitted. However, if an NGO answered a question incorrectly, following up with the NGOs often required several days to email back and forth. As a result, high-quality support from our member network is critical to meeting stated timelines.
- b. *Recommendations:*
 - i. *Automate the network member checklist.* Automating the checklist would allow members to spend more time communicating with NGOs and encouraging them to submit information.
 - ii. *Provide more training to network members.* A training session focused on ED requirements should be added to the training agenda. Although network members are already trained in “softer” customer service skills, the training should still emphasize the importance to the ED process of regular and consistent communication. For example, it is important to contact NGOs very early in the process, schedule follow-ups, and keep in regular communication with the NGO. During the Spanish-language Beta Phase, the team should tailor the member training and practice teaching “softer” customer service skills, including, as appropriate, telephone support (to eliminate extensive back-and-forth between the member and NGO). TSGN’s prior experience with its global network confirms that the use, comfort and effectiveness of email communications varies across local environments and therefore, any email communications scheme must be supplemented by telephone calls and other methods of communication and follow-up. The team should leverage TSGN’s extensive experience with its global network to develop suggested best practices for the timing and process of communication with NGOs.
 - iii. *Act as resource for members of the network.* Because the ED review is much quicker if the correct documentation is submitted, the review team should continue to participate in the design and delivery of member trainings and continue to help ensure that the members understand what data needs to be collected for the ED review.

4. The online questionnaire model was used successfully with all NGOs that participated in the Beta Phase.

- a. *What we learned:* One of the main assumptions in building the NGOsource service was that using an online questionnaire would provide the easiest and fastest path to streamlining the equivalency determination process. Because the team can update the questionnaire easily, guide NGOs to relevant questions, and incorporate Help text, this assumption was proven correct and the

NGOsource team discovered that putting the questionnaire online was the best choice.

- b. *Recommendations:* The team should continue to update the equivalency determination questionnaire and tailor the questions as much as possible to the particular NGO.

Conclusion

The Beta Learning Phase provided a very rich learning opportunity for the NGOsource project. The direct feedback obtained from grantmakers, NGOs, and network members will be vital to improving all processes and systems, updating plans and ensuring an ultimately successful service. When Beta Phase I did not provide the results expected, the NGOsource team recalibrated its approach and made important changes for Beta Phase II. As a result, the team was able to make important discoveries and achieve the goals of the Beta Phase. Over the remainder of 2010, the NGOsource team will focus on implementing enhancements based on feedback received during the Beta Learning Phase and adapting plans accordingly. Other key activities underway in 2010 will also continue, including seeking regulatory approvals, exploring strategic partnerships, continuing to secure multi-year funding commitments for network support during the initial years, marketing the NGOsource service, and preparing for operations.