

ebase[®] Community Development Program

I. Executive Summary

We recently received a membership donation for the ebase Community that included the following typically supportive note:

*I want to thank TechRocks and the entire ebase team for their support of nonprofits like ours nationwide (worldwide?). Given our current budget difficulties, ebase is one of the few areas of our work that is not in crisis. Dramatic funding cutbacks in our region for nonprofits at the same time when new official policy and raw ambition pose a greater threat to preservation make this a time of struggle. The support of TechRocks staff and the entire emerging ebase community is of incredible value to a wide variety of groups such as ours. Thanks.*¹

Gary Bogue, Landmark Society of Western New York, Rochester, NY

At a time when social change nonprofits are challenged as never before with shifting and uncertain patterns of institutional and individual support, the most adaptive organizations need to look for opportunities to build stronger relationships with their supporters. Technology, appropriately applied, can be one of the most cost effective ways of addressing this need. Yet technology solutions that exist today are normally far beyond the budgets of most nonprofits. We estimate that no more than 50,000 of the nation's 1.3 million nonprofits are using a commercial quality database to engage their supporters in the accomplishment of their missions.

ebase is an accessible and affordable technology solution developed by and for nonprofits in the context of this changing nonprofit market. Specifically, ebase allows an organization to capture and use data that supports relationship building in the activities of any social change nonprofit.

The software is very good, and is well received by the nonprofit sector as a leading "community relationship management" application. Eric Leland, Senior Database Consultant at CompuMentor, wrote in his positive review of ebase 2.0 for TechSoup²:

Many of the improvements in this release [of ebase] have been in the area of "relationship management" features...The code set (especially used with the initial "code tutorial") is great first attempt by any database product to help walk [ebase] users through the process of translating organizational business processes into an effective database tool.

Eric also identifies the single most important challenge facing ebase, that of providing support for those organizations wishing to increase their effectiveness by using ebase:

While ebase 2.0 is a great improvement, it should still not be considered a "ready-to-use" product. Any users considering ebase should carefully evaluate what ebase can do for their organization without any extra work configuring the product, and what ebase can do for them if they are able to configure it.

ebase's flexibility makes it useful to any organization, but only after a nonprofit customizes the application to fit its organizational processes. Nonprofits need to think through their business processes *before* they attempt to map them as codes in ebase. This process also informs how ebase codes can be used to generate useful reports.

¹ <http://www.ebase.org/about/testimonials.htm>

² <http://www.techsoup.org/btc.cfm?file=articlepage.cfm&ArticleId=427&topicid=2>

Most nonprofits will need specialized assistance: training, technical support, consulting, and programming. This requires TechRocks to facilitate the development of a robust support community for ebase, and do so in such a way as the community is self-sustaining over time.

Program Goal:

To establish the ebase Support Community as the locus of mutual support for ebase users, trainers, consultants and developers and as a sustainable social enterprise within three years.

ebase is very good software, and will always be shared freely for public benefit and open for community improvement. However, the provision of technical support, whether provided by TechRocks – for other users, independent consultants and trainers – or whether provided online or on land, must be developed as a self-sustaining community *and* nonprofit social enterprise.

TechRocks has experience in the development of nonprofit technical support communities:

- TechRocks initiated and incubated the Circuit Rider community, now widely recognized as the largest peer network of technology assistance providers serving nonprofits.
- TechRocks initiated and incubated the National Strategy for Nonprofit Technology, which eventually became the Nonprofit Technology Enterprise Network (N-TEN). N-TEN is the professional association of nonprofit technology assistance providers.

We've used similar principles and procedures to develop the ebase Support Community to date, and will dramatically increase involvement of several constituencies through the ebase Community Development program which will accomplish the following within three years:

Program Objectives:

1. Create technical support services on the ebase Community Support website to establish a sustainable community of more than 21,000 ebase users and 2,600 ebase organizational members, representing data about nearly 20 million people in ebase.
2. Develop a community of high-touch training, technical support and consulting service providers to enable the direct provision of support services for ebase users and members.
3. Support the development of ebase 2.0 on two other database platforms (Microsoft Access and an open sourced database), and synchronize the further development of ebase 2.0 for FileMaker with other platforms.

As a result of accomplishing Objective 1, TechRocks will create an online community of nonprofit database managers capable of using technology to increase civic engagement.

As a result of accomplishing Objective 2, TechRocks will create “on land” communities of database professionals capable of helping nonprofits achieve their social change objectives.

As a result of accomplishing Objective 3, TechRocks will extend the principles and practices reflected in current ebase code to technological platforms much more accessible to nonprofits, thus assuring the rapid and continued growth of the communities created in Objectives 1 and 2.

Overall, through the ebase Community Development program, TechRocks will have established nonprofits themselves as the driving force in the creation and adoption of technology designed specifically to serve the social change mission: to manage relationships with community members involved in accomplishment of their diverse civic objectives toward social progress.

Request:

\$Δ of support from the Δ over Δ years for the ebase Community Development Program will be leveraged through a funding syndication campaign, with a goal of securing a total of \$2.6 million in foundation support from new donors over three years. The ebase Community Development Program will realize more than \$75 million in savings for the nonprofit sector within 5 years, for a financial return on investment of 30 to 1. This program will also establish TechRocks as a self-sustaining social enterprise, ensuring the viability of the ebase community.

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II. Organizational Background

TechRocks accelerates social and political progress by building technological capacity for community collaboration and citizen engagement. Through consulting and training services, and information and data management tools, TechRocks helps social change organizations use technology effectively to build quality relationships with their constituents, achieve sustainability and have greater programmatic impact. Social change groups, that are organizing several million citizens, have more power and are more sustainable through working with TechRocks.

TechRocks was formed on January 1, 1999 from the merged operations of the Rockefeller Technology Project (a project of the Rockefeller Family Fund since 1995) and Desktop Assistance (an independent nonprofit founded in 1989). Both organizations had been long-time leaders in the nonprofit technical assistance provider community. As the opportunity of rapid and inexpensive communicating through the Internet grew in the mid- to late-1990s, so did the challenge of ensuring that a progressive voice was heard in the new medium. Both organizations share the goal of building technological capacity to amplify the progressive voice on the Internet. The two organizations merged into the Technology Project as a 501(c)(3) tax-exempt organization and changed the name to TechRocks in 2000. TechRocks became a supporting organization to the Rockefeller Family Fund that same year. By the end of 2002, TechRocks will be an independent 501(c)(3) nonprofit, no longer affiliated with the Rockefeller Family Fund.

Our consultants, often called “circuit riders,” provide technology assessment, planning, implementation and evaluation services for social change organizations, specializing in:

- **database strategies**, focusing on relationship management with database technologies;
- **email strategies**, the cheapest, easiest and fastest way to develop relationships online;
- **web strategies**, building sites that foster interactivity and personalization of content; and
- **integration strategies**, linking database, email and web strategies into a powerful platform for social change³.

The TechRocks approach is to engage social change organizations over time, to lead them through five steps of fundamental technology change until they have integrated their database, email and web strategies. Our products and services – assessments, software, consulting, training and web publications for each step – are integrated for greater affordability and impact. Organizations on this path realize their return on investment quickly. The cumulative effect of such iterative technology enhancements is that we are changing how social change is conducted over time. We also partner with many other technology assistance providers – enabling them with the same tools and methods – to serve nonprofits that are not in our target market segments.

TechRocks currently has a staff of 8, with combined direct experience of over 80 years, and a current annual budget of approximately \$1,000,000 (less than 15% of which is from Rockefeller philanthropic organizations). Our major recent and relevant accomplishments include:

- TechRocks publishes and supports ebase (<http://www.ebase.org>), open source community relationship management software for social change organizations. ebase is currently used by nearly 5,000 organizations that collectively manage over 10,000,000

³ See *TechRocks Ladder of Engagement*, <http://www.techrocks.org/documents/LadderofEngagement.pdf>, for a description of our methodology.

relationships. In March, 2002, ebase 2.0 was released, featuring greatly improved ease-of-use, security and internet services. ebase 2.0 is very popular: we anticipate having 20,000 new nonprofits using ebase 2.0 by the end of 2005.

- TechRocks released an online technology assessment and planning tool, TechAtlas (<http://www.techatlas.org>), in January 2002. TechAtlas is the first online tool that enables any organization to integrate a technology assessment and planning process. The application, developed jointly with NPower Seattle, was designed to help small- to medium-sized nonprofits make informed decisions to address their technology needs. An improved version of TechAtlas was made available in April 2002, including tools making it easy additional nonprofit technology assistance partners to customize TechAtlas to serve their constituencies.
- TechRocks equipped state affiliates of National Abortion Rights Action League and Planned Parenthood with network technology, ebase software and training to engage over 1,000,000 new choice supporters in 2000. Many of the affiliates used their new technological capacity to win significant victories in their states over the past two years.

TechRocks directly serves more than 1,000 organizations each year with training and consulting services, and we leverage our specialized expertise by partnering with other trusted technology assistance providers to accelerate the effective adoption of technology in the nonprofit sector.⁴

TechRocks fills a unique niche: helping public policy and civic engagement groups amplify their voice and effectiveness through technology and the internet. We are changing the way social change organizations change the world. In the next five years, we will help nonprofits engage several million new people in social change activities.

III. Recent ebase Accomplishments

With general support⁵, from the Rockefeller Brothers Fund Rockefeller Family Fund, Surdna Foundation and others, TechRocks was able to accomplish the following ebase activities in 2002:

Community Support Development:

- Overhauled the ebase Community Support website to make it more functional for both online community support and as a transition to a membership (fee) based site;
- Added website functionality to let end-users search for other end-users in their local community, to foster local user group development and face-to-face self-help;
- Added a public bug reporting, tracking and work-tracking function to the ebase website to help inform end-users and developers of reported bugs, completed fixes, and work-in-progress;
- Conducted training for 80 advanced users and database professionals in 5 cities, introducing ebase 2.0 to the technology assistance community during the *beta* test period (with support from the Turner Foundation);
- Organized 30 technology professionals at the NTEN Roundup to be ebase advocates;
- Conducted a 4-day training for 20 nonprofit technology professionals, including several NPower affiliates (with support from the SBC Foundation), about how to support their own client base with ebase training, consulting and technical support services;

⁴ See *Recent TechRocks Highlights*, <http://www.techrocks.org/documents/TechRocksHighlights.pdf>.

⁵ See Appendices O and P for a FY2002 financial report.

- Facilitated formation and support of ebase user group formation in several cities, including Portland, Minneapolis, Denver, Atlanta and San Francisco, and Vancouver BC;
- Facilitated a process involving 10 technology professionals to develop specifications, user feedback, code, documentation and quality assurance processes for EasyStart, aka ebase 2.1, making ebase accessible to more organizations, to be release Q1 2003;
- Developed an ebase assessment and planning tool, hosted by TechAtlas (with NPower, funded by Verizon and AOL Time Warner Foundation), to answer the question, "Is ebase an appropriate solution for your database needs?" The tool is currently in alpha testing, and will be made available to any technology professional supporting ebase;
- Developed 4-level training methodology. Curriculum has been developed for the first level (targeted at end users), and is in development for the second level (targeted at database administrators, developed with NPower support through the SBC Exceleator partnership). Conducted several first level trainings;
- Developed simple online training methodology, and conducted several *Introduction to ebase* trainings. Attendees join a conference call and either follow a web presentation or locally accessed PowerPoint slides;
- Developed consulting methodology, for full ebase implementations, from assessment and planning, through data conversion and installation, to follow-up support after installation (with support from the William Penn Foundation, methodology tested in three organizations in Philadelphia). All training and consulting methodologies are available to technology professionals supporting ebase;
- Conducted ebase and technology assessments for environmental advocacy groups in Alabama (with support from the Curtis and Edith Munson Foundation) and State Leagues of Conservation Voters (with support from the Changing Horizons Charitable Trust);
- Conducted full ebase implementations for several organizations, including California NARAL, Global Kids, New Jersey Futures, Cornell University Extension Office, and the Maine Land Trust Network, among others. Developed ebase implementation plans for several more organizations, including National Alliance for Choice in Giving, Women's Funding Network and its affiliates, Women's Action for New Directions (WAND), Champlain Valley Greenbelt Alliance, and the Conservation Council of South Adelaide (Australia), among others, all of which are raising money to contract for our services.

Technology Development:

- Initiated a public *beta* test period for ebase 2.0 core code set, downloaded by more than 1,000 organizations, and involved more than 100 users in substantive comments;
- Developed sophisticated email functionality, integrated with the database. ebase 2.0 can both send and receive email, in both text and HTML formats. Outgoing email, both in the body and subject of the message, can be customized with personalized data. Incoming email can be processed using rules which parse the body of the email and create new contact and transaction entries within ebase. Email generated from any website can be used to add data to ebase. ebase now generates automatic opt-in and opt-out routines to allow constituents to easily add and remove themselves from email lists.
- Developed HTML templates and simplified tables enabling ebase users to create data-driven website module providing public, extranet and intranet functionality, which can be used to share data with ebase. The templates for <http://www.genericnonprofit.org> can be changed with a simple HTML editor to be customized for low-traffic web sites;
- Developed and documented import tools for ebase 2.0, to move data from previous versions of ebase as well as import data from external applications (legacy databases);

- Developed an upgrade strategy to enable end users to upgrade to new versions as painlessly as possible to newer versions. The upgrade path is a key factor in supporting iterative code development where ebase staff integrate ideas and processes suggested by end-users and developers into the next versions;
- Developed end-user and administrator documentation as well as conducted extensive quality assurance testing to minimize the number of bugs in the code and documentation;
- Released ebase 2.0 in March, followed by three upgrade releases in April, May and August. Development, documentation and QA was assisted by over 125 database professionals;
- Developed documentation for database developers to jumpstart their knowledge of ebase;
- Participated in a community-led process to develop ebase Enterprise, a fully open-sourced and web-services based version of the ebase data model and application, and opened a foundry on SourceForge.net to host the discussion;
- Coordinated with the Fund for the City of New York on their development of ebase for Access, a full port of the ebase data model and functionality to the Microsoft platform. The code will be released spring 2003, and we are coordinating on support services.

Business Development:

- Became a value added reseller (VAR) for FileMaker, Inc., allowing us to offer nonprofits a discounted CD bundling ebase with FileMaker Pro or FileMaker Server licenses for 25-50% below the normal retail price of FileMaker.
- Developed relationship with DiscounTech to distribute ebase/FileMaker CD products.
- Developed partnership with Groundspring.org for co-marketing and technology integration. ebase users can signup for Groundspring.org's DonateNow service at a 20% discount. Currently developing ebase module to bring Groundspring.org data (contributions made to an organization through Groundspring.org) into ebase;
- Provided assistance to NPower in the development of their *Consumer Guide to Donor Management Software*, published October 2001, as well as subsequent revisions.
- Wrote *Data Integration: The Next Technology Challenge for Nonprofits*, the strategic underpinnings of ebase, published by Dot.org Media on TechSoup.

Organizational Development:

- Focused TechRocks on ebase as our signature strategy, shedding other programs, such as our emediacy program of internet advocacy campaigns, as specific projects phased out;
- Conducted strategic and business planning to develop a sustainable social enterprise to support ebase and its community (see the *Sustainability Strategy* section of this proposal).

Overall, our program activities during the grant period resulted in 7,448 organizations downloading ebase (primarily from word of mouth marketing), and 1,261 organizations registering their use of ebase (16.9% of downloaders). Of these, 188 made voluntary membership contributions, or 14.9% of registered users (almost all in the last quarter of 2002). During the year, the total number of organizations registering their use of ebase (whatever version) were representing at total of 7 million people in ebase, and elevated the product to number three in market share (behind Raiser's Edge and DonorPerfect).

Furthermore, we distinguished ourselves by the development of our community, data structure, and code. Nonprofits that use ebase better understand their organizational processes, have formalized them through using ebase, have an application that is uniquely matched to their

organization, and are more effective at engaging their supporters in social change. ebase gained a lot of momentum in the last year, and is well positioned to affect real change in the sector.

IV. Problem Statement/Programmatic Background

Most nonprofits, when the amount of time and money they spend is accounted for, dedicate most of their resources to relationship building, communicating with their constituencies to build communities of interest. Yet twenty years after the advent of the personal computer, and several years after the internet boom, most nonprofits have not employed technology effectively to build a community of constituents. Furthermore, the more technology is incorporated by a nonprofit, the less likely it is effective at developing quality relationships with its constituencies.

Nonprofits are becoming more technologically adept. However, the technology that is introduced is not designed primarily for interactivity. Rather, it is designed for broadcasting messages, not connecting constituents to each other. A major result is that nonprofits have become less effective at their number one job, building quality relationships. They cannot communicate with their supporters in ways that other organizations do. Nonprofit constituents, who are also customers and citizens, now expect interactive and personalized content to keep them engaged. Unless nonprofits adapt technology to meet their needs, they risk losing their voice as their constituents pay attention to more effective communications strategies in the never-ending and ever-escalating battle for human attention. What is needed is an approach that puts accessible and affordable technology in service of a nonprofit's mission, technology to create community.

A. Data Disintegration

Consider the technological capacity of a typical medium size nonprofit:⁶

- The nonprofit has a moderately powered computer for most of its staff.
- Their computers are connected to each other by a local area network (LAN), and the LAN is connected to a broadband (usually DSL) internet connection.
- Staff have email accounts at their desktop, and access to websites with a browser.
- The organization sends occasional bulk emailings to its supporters, using an email client such as Microsoft Outlook.
- The organization has a contact database, but only 10% of records have an email address.
- The organization has a website, it has an impressive number of visitors (compared to who walks in the door or calls on the phone) and the organization collects website statistics.
- The organization can accept contributions through links from website to a donation portal (such as <http://www.groundspring.org>), but it does not have the ability to directly capture contact information of its visitors (such as an email address) nor sign up visitors interested in participating in the nonprofit's programs.
- The organization has a fundraising database, usually created by a consultant or by a volunteer associated with the organization. It records contacts and payments, produces mailing labels and letters, but little else.
- The organization conducts various programs, and program staff have adequate access to technology. They create their own spreadsheets to track information on program delivery and store them on their own computers.

⁶ See *Technology Assessment for The James Irvine Foundation*, <http://www.techrocks.org/documents/IrvineAssessment.pdf>.

Notice that all of the technologies are related to communications – relationship building – and that they all fundamentally rely on a database to track information about interactions with constituents:

- There is a database in the email client, the address book, one for each staff. It contains at least an email address, but may also contain a street address and other attributes.
- There is a database at the website, that tracks at least page views and other website statistics. There may be an additional database on the website that records email addresses and interests of web visitors.
- There is a database that tracks donations and each donor's contact information.
- There are probably many databases (usually spreadsheets) that track program-related information.

Also notice that all of this data is stored in *separate* databases. These databases are unrelated, meaning that if the email address changes in one, it is not changed in any of the others, unless someone does it manually. Data entry is still the single biggest expense in any database, and often data is not manually entered more than once, if at all.

Finally, a typical organization cannot securely share information about a specific individual. Sometimes this reinforces internal requirements of the organization, such as when program staff cannot have access to major donor information. But most times this separation of data means lost opportunities: it's clear that donors are more likely to be volunteers on behalf of the organization than non-donors. The people represented in the database know this best: they receive mixed messages from the organization because the people sending the messages do not have a holistic view of who the person receiving it is, and their relationship to the whole organization.

Thus, as more technology is incorporated into the organization, the effect is data disintegration. Now that basic technology infrastructure needs are being addressed for many more organizations by market mechanisms, data disintegration may now be the single largest information technology challenge in the nonprofit sector. Unless this problem is addressed, nonprofits risk losing their voice and becoming disenfranchised as other organizations command more attention through the effective use of information technology.

B. Customer Relationship Management Software

Business recognized data disintegration as a problem long ago, and customer relationship management (CRM) software was created to integrate sales and marketing with customer service data within an organization. CRM, when implemented well, becomes the central nervous system of an effective business. Solutions range from Goldmine for small businesses to very customized and complex Oracle databases for large corporations.

The nonprofit sector has access to a few applications that could be called CRM. There are about 25 companies that publish commercial quality fundraising software (our corollary to sales and marketing), but most of them are quite small and the software is expensive and limited to fundraising functions (no other programs – the customer service departments – can use the software). The largest company, by a factor of at least two, has only about 13,000 customers and

their software starts at several thousand dollars (and costs much more to approach true data integration⁷). The players in this market have not changed appreciably in the past five years.⁸

Recently, however, there are a number of application service providers (ASPs), companies that host databases that nonprofits access over the internet with a browser, that have entered the CRM market. Most ASPs focus on one aspect of a nonprofit, whether it is donor/membership relations, volunteer management or engaging activists online.⁹ Nonprofits that use more than one ASP, however, are faced with more data disintegration because there are no widely adopted standards for the exchange of data between ASPs (it is not in an ASPs interest for you to be able to share your data with other ASPs – you might switch providers!). For the integrated CRM functions that are necessary in a growing organization (and provided by only a handful of ASPs) the start up costs and monthly subscription fees are high and add up fast, thousands of dollars annually.

The following chart describes major players in the competitive landscape for CRM software targeted at the nonprofit market. Based on research conducted for us Spring 2002 by Paul Hagen, Senior Analyst for Forrester Research, the trend is toward developing complementary ASP – client/server applications that retain their reliance on proprietary technology. A good example is Blackbaud that publishes both an ASP and client/server version of its Raiser's Edge product, designed to lock in customers to the platform. TechRocks has historically offered a client/server application (version 1.0 of ebase) featuring open code¹⁰.

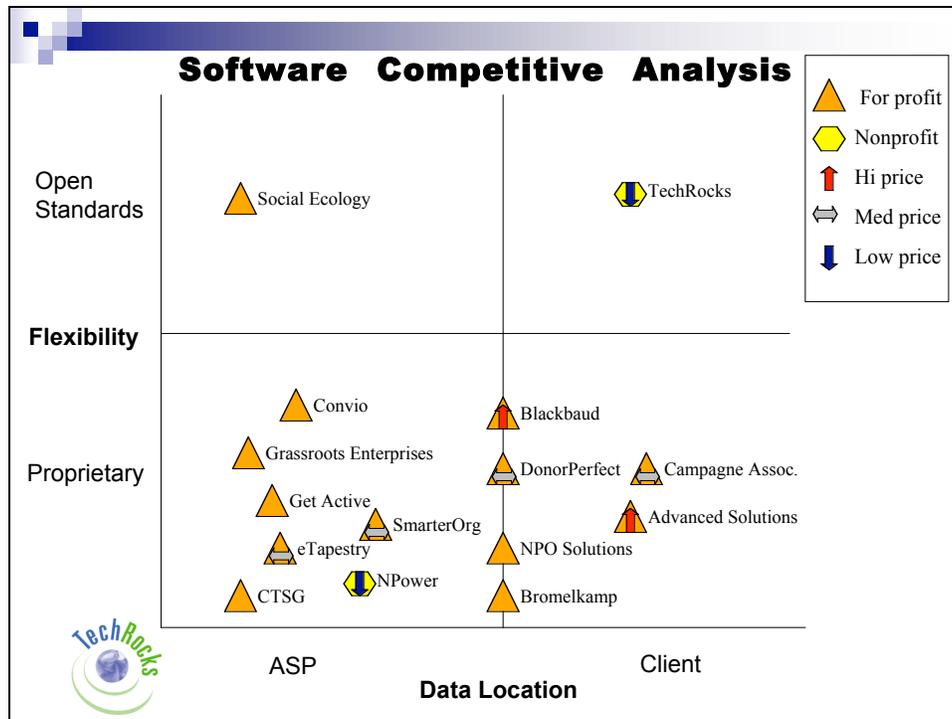
⁷ See Appendix E, *Cost of Ownership Comparison*.

⁸ The next largest vendor has about 5,000 customers, on par with ebase. After the top three vendors, the markets served by the remaining 20 vendors are quite small indeed, averaging under 1,000 customers per vendor. All told, there are probably fewer than 50,000 nonprofits using commercial quality fundraising software, the closest equivalent of CRM.

⁹ According to research conducted by the Chronicle of Philanthropy and published June 14, 2001 ([see http://philanthropy.com/premium/articles/v13/i17/17001601.htm](http://philanthropy.com/premium/articles/v13/i17/17001601.htm), subscription required), fewer than 2,000 nonprofit organizations were using an ASP for data management services. Several of those vendors no longer serve the nonprofit market, and it is unclear which for-profit will survive longer than their initial venture capital funding.

¹⁰ Three other independent evaluations of ebase have been conducted:

- NPower published their *Consumer Guide to Donor Management Software* in October 2001 (http://www.npowerseattle.org/tools/npower_donor_mangement_consumer_guide.pdf). It favorably compares ebase to all other major brands, even though only version 1.0 was reviewed. All deficiencies were addressed in developing ebase 2.0.
- David Habib and Allen Poole of NPower Seattle, compared ebase 1.0 to ebase 2.0, and ebase 2.0 to products from eTapestry (eTapestry), JSI (Paradigm), SoftWare (DonorPerfect), Systems Support Services (Donor2), DonorAccess (DonorAccess), Social Ecology (Donor Link), Heritage Designs (MatchMaker 2000) Blackbaud (Raiser's Edge), and Campagne Associates (GiftMaker Pro), each a competitor in the relationship management (primarily fundraising) software market. See Appendix M, *NPO Management Software* and Appendix N, *ebase v1 and v2 Comparison*, distributed with permission. The bottom line is that ebase delivers equivalent "commercial quality" value for far less cost, primarily because code was developed by, for and with the nonprofit community and licensing costs have been eliminated due to the open sourcing of the code (and support of foundations underwriting code development).
- Eric Leland, Senior Database Consultant at CompuMentor, conducted an internal review of ebase 2.0 in preparation for CompuMentor's new programmatic emphasis on database implementations. His internal review was quite favorable, and made public on TechSoup this fall at <http://www.techsoup.org/btc.cfm?file=articlepage.cfm&ArticleId=427&topicid=2>.



Most traditional software publishers and ASPs are targeting their products for the high end of the market, nonprofits with budgets of over \$5,000,000 (6.74% of the 250,000 nonprofits that filed a Form 990 in 2000¹¹). It's a rational business decision: that's where the money is. However, the vast majority of small- and mid-size nonprofits, who often are in the best position to do quality relationship building, integrating online and on land strategies, have not had access to tools that can help them. Our estimate is that at least 95% of all nonprofits are not using commercial quality software, LAN or web-based, to manage relationship building with their constituencies. The initial high hurdle of software cost, coupled with ongoing expenses, is the major reason nonprofits do not have access to database solutions that are so critical to achieving their mission.

Nonprofits are increasingly in need of CRM software, especially those that have become dependent on foundation or government sources of support. Focusing on the fundamentals – increasing interactivity and personalization of communication with individual members and donors – will help most nonprofits adapt to the shifting funding patterns that the sector will experience over the next few years. Database technology appropriately deployed will amplify the effectiveness of the relationship building that will be required to sustain organizations.

C. ebase: Community Relationship Management Software for Nonprofits

TechRocks began to address this need for CRM software several years ago by creating ebase, "community relationship management" software for nonprofits. For community groups that need a database to organize people and relationships, ebase is a set of tools and community of users that is powerful, affordable, and accessible. ebase provides:

¹¹ Source: 2000 Data Extract, National Center for Charitable Statistics Data Management System, <http://nccsdataweb.urban.org>.

- Integrated database management for donors, payments, volunteers, events—whatever data a nonprofit needs to manage community relationships among and between its constituents to meet its mission. Personalized relationships are built upon ebase data.
- Accessible data entry and analysis tools, making it easier to move constituencies up the ladder of involvement in the nonprofit’s mission.
- Integration with the Microsoft Office suite for letter, label and report generation using tools that most nonprofits already have and know how to use.
- Integrated web and email services. Database driven website templates are included, as is the ability to send and receive text and HTML email from within the application. Internet services are integrated with data services, making it easier to integrate traditional constituency communications with online strategies.
- Customized interfaces and security access for different roles in the organization. Database administrators can see everything, volunteers can see only select layouts, records and fields, and there are customizable levels of security and access in between.
- Industry standard, flexible and extensible data structure designed by nonprofits for nonprofits. Core functionality, external modules, and data model are sustained by the community because ebase code is shared freely and open for community improvement.
- FileMaker[®] technology, a market leader for being an easy-to-use, affordable and cross platform solution (including a server version for Linux). A free, fully functional demo of ebase is provided by a runtime license from FileMaker.¹²
- Technical support services by TechRocks and a growing national network of local database developers, management consultants, software trainers and user groups.

ebase was first released in 1998, the result of a two-year iterative development process with nonprofits that had been experiencing data disintegration to such a degree that they could not effectively organize their constituents or collaborate with each other on coordinated message campaigns.¹³ Today, ebase 1.0 is in use by about 4,000 nonprofits worldwide to track contacts,

¹² ebase is developed with FileMaker Pro (and featured on their corporate contributions web site (<http://www.filemaker.com/company/donations.html>), a database development tool published by FileMaker, Inc. FileMaker is known primarily for its ease of use, allowing non-programmers to create their own database applications. ebase, as it is available for download at <http://www.ebase.org>, includes all the software that a single user of ebase needs, at no cost. For ebase users that need to customize the core ebase code or serve ebase across a local area network or on the web, FileMaker, Inc. grants FileMaker Pro for Mac OS and Windows to nonprofit organizations through a product philanthropic alliance with Gifts in Kind International. TechRocks also sells FileMaker products bundled with ebase at a deep discount to nonprofits – and the lowest price anywhere -- through DiscounTech at http://www.techsoup.org/DiscounTech/Category.asp?catalog_name=TechSoupMain&category_name=TechRocks&Page=1.

¹³ The coordinated messaging was aimed at garnering public support for protection in roadless areas of national forests in the Northern Rockies. For a description of one of the first efforts to conduct internet organizing (in 1997), using a beta version of ebase 1.0, see *ebase Case Study: Constituency Organizing on the Net*, <http://www.ebase.org/documents/ConstituencyOrganizing.pdf>. The effort was successful on this scale (and was one of the first “list enhancements” – see the *Conservation Database Report*, <http://www.techrocks.org/conservationdatabase.html>) – and eventually led to the Clinton Roadless Rule, one of the largest victories for the environmental movement in a generation. TechRocks role in this campaign, which involved many database and communications strategies that generated 700,000 public comments from “netizens” on the rule, is at http://www.techrocks.org/casestudy_ourforests.html. It is unlikely that this scale of internet organizing for a public interest campaign will be eclipsed soon. See *Flooded With Comments, Officials Plug Their Ears* by Katherine Q. Seelye, *New York Times*, November

engage activists, raise money, recruit volunteers – build relationships with anyone that can help the nonprofit accomplish its mission. With no marketing budget, ebase has become third in market share for the vertical market of nonprofit data management applications.

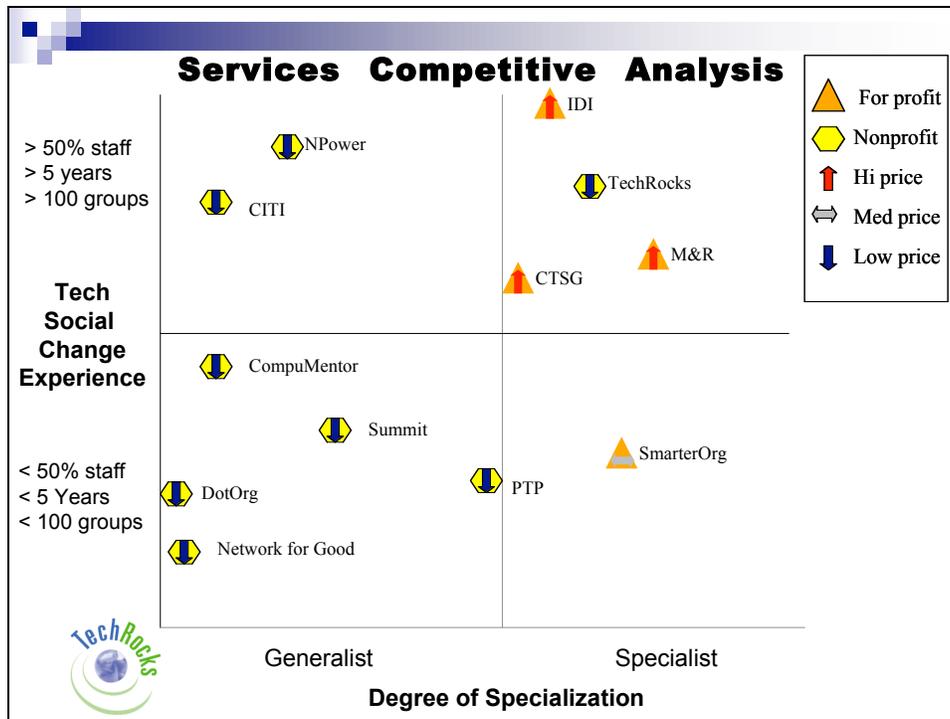
The primary reason ebase is in use by so many organizations is that we provide free access to downloading the application from the internet at <http://www.ebase.org>. As a nonprofit, we raised funds from foundations to develop ebase, and freely share (i.e., re-grant) the resulting code for public benefit.

By re-granting the code, however, we have saved every organization that uses ebase approximately \$5,000 (the average license cost of a comparable multi-user fundraising database). Consequently, an investment of \$400,000 by foundations to develop ebase 1.0 over the past few years has been leveraged to save 4,000 nonprofits \$20,000,000 in software license fees alone.

Of course, no database implementation is without cost, a mistake that nonprofits often make when downloading freely shared software. Any nonprofit interested in using ebase will need a good computer with a reliable backup system, help converting legacy data to ebase, and above all training and technical support for staff to use and administer their database.

We encourage groups adopting ebase to invest their savings in the training and technical support services they will need (regardless of software they choose) to help them use ebase effectively. There are several dozen independent consultants and trainers that have specialized in providing support services for ebase 1.0 to clients in their communities, often *pro bono* or at nonprofit discounted prices, and several self-organized ebase user groups have also been established.

The following chart, also based on research conducted by Paul Hagen, distinguishes TechRocks as a leader in the nonprofit technology services field. Our low cost of service, despite our years of experience in specialized “civic engagement” consulting, make valuable strategic services available to our target market.



But perhaps the single most important “feature” of ebase is that it is open for community development. We provide anyone that downloads the application access to the programming that makes ebase tick, so that they can customize the application to fit the precise needs of their organization. All nonprofits are unique in some respect, and providing access to the ebase “source code” enables them to have their uniqueness expressed in the application they use everyday. If a nonprofit purchases or is granted FileMaker Pro, they have access not only to the ebase code but to all the very same low-cost development tools that we used to create ebase. Most nonprofits that are currently using ebase have made some modification to ebase to make it work like their nonprofit does, and we encourage them to re-grant their code to the community.

ebase creates community! We have already set up an exchange with another nonprofit here in Concord where one of their staff is helping us think about our organizational development opportunities with ebase, and I am helping them learn FileMaker and customize their ebase program. It is so Win - Win!

Laura Tam, Northern Forest Center, Concord, NH¹⁴

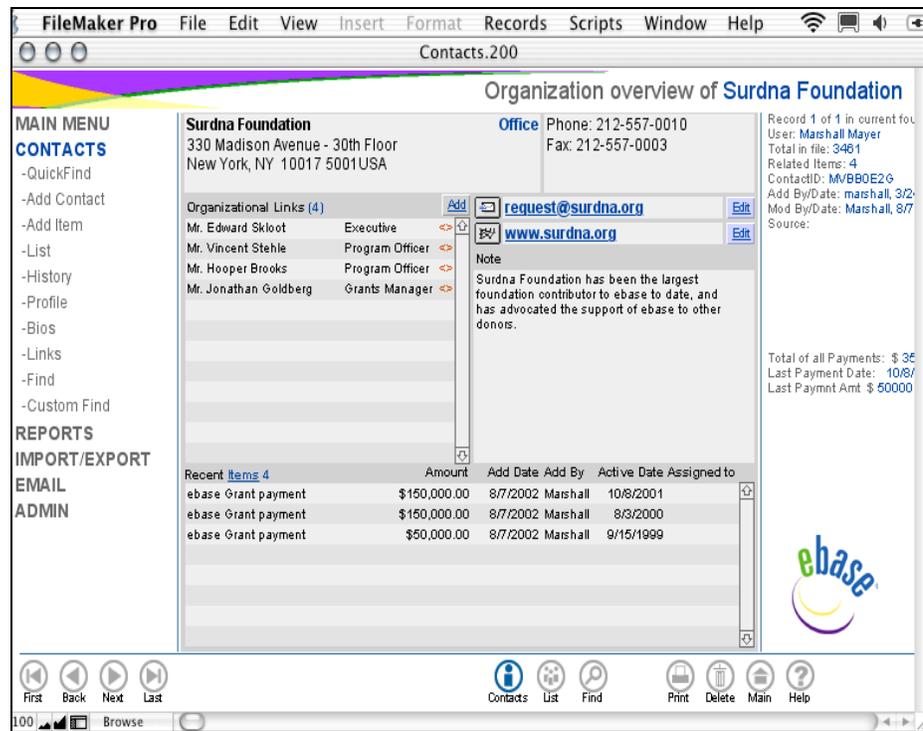
D. Community-Driven Software Development

TechRocks has learned a tremendous amount about how nonprofits need to use databases over the past several years, and we have incorporated that learning in the design process of ebase 2.0, released in March 2002. For the nonprofit end user, we made major improvements to the application’s ease-of-use, security and internet features (ebase 1.0 was the first nonprofit application that could be used to send email directly from the database, in ebase 2.0 you can receive email right into ebase – for automated processing – as well as serve ebase data to and

¹⁴ See ebase Best Practice at <http://www.ebase.org/documents/BestPractice.pdf>, and What Our Community is Saying About ebase, at <http://www.ebase.org/documents/UnsolicitedComments.pdf>, for more unsolicited comments about ebase.

synchronize ebase data with a website). We made it possible for nonprofit users – who are more interested in accomplishing program objectives than database programming – to customize their own application without knowing how to write code. For the growing national community of ebase developers, trainers and consultants, we have completely re-architected ebase so that it is much easier to customize and support (not a single line of code from ebase 1.0 was used in ebase 2.0, though users of version 1.0 can migrate all of their data to ebase 2.0 seamlessly). And we continue to freely share the open ebase code for community improvement. ebase 2.0 is the largest open source software development project for nonprofits to date.¹⁵

ebase 2.0 for FileMaker features an easy to use interface, more internet accessibility and additional security features. This is the donor record for the Surdna Foundation, the largest donor to date for ebase development.



ebase. 2.0 was created with the help of more than 125 consultants, trainers, developers and advanced users of ebase 1.0 over a 21-month period. Almost 1,000 organizations participated in the public preview process late last year, downloading ebase and providing feedback on what works and what doesn't in the pre-release version. ebase programmers also took the extraordinary step of providing training on preview version of ebase 2.0 of more than 80 organizations to solicit their feedback on how ebase could be improved in the final shipping version.

ebase 2.0 is designed for installation in an organization with budgets of \$250,000 to \$5,000,000, a technologically adaptable staff, and a functioning LAN to network computers for file and print sharing, data backup and internet access. In the period months since it's release in March 2002, ebase has been downloaded by more than 5,000 organizations (more than 27,000 organizations have downloaded ebase in whatever version), and adopted by nearly 1,000 organizations (almost 4,000 organizations have adopted ebase 1.0 since 1998). That's four times the normal download

¹⁵ While creating ebase 2.0, TechRocks also initiated and incubated the Nonprofit Open Source Initiative, <http://www.nosi.net>. We authored the NOSI mission statement, focusing NOSI's energies on creating active collaborations between the nonprofit sector and the open source community based on mutually held values of excellence, collaboration, practicality, generosity, integrity and the volunteer ethic.

rate and twice the normal adoption rate of version 1.0. Almost 17% of the organizations that download ebase register their use of it on the ebase Community Support site. In addition, the adopting organizations are several times larger than version 1.0 organizations, representing an average of 7,250 constituents, and are also more geographically diverse (almost 1/3 of adopters are not from the United States). Finally, more than half of the organizations downloading ebase are involved in civic engagement: environmental organizations still account for more than 20% of all downloads. ebase 2.0 is starting a buzz, all from “word of mouse” advertising as we have not conducted any marketing.

This is a radically different approach to software publishing and technical support from traditional commercial software companies where users are forced to follow preferences and procedures defined by developers – whose primary purpose is to get a product to mass market for profit ASAP – not by nonprofit organizations for their particular needs and capacities. Our community-defined innovations, on the other hand, are possible because of our freely available open-source architecture. Yet ebase is also built on the well-established FileMaker database technology platform, so ebase is accessible to millions of their active, international users.

E. Software Development is Only Part of the Solution

It is well known that the key to using any software successfully, especially software that is mission critical such as community relationship management software, is the investment made in the people – the humanware – that use the software to help the nonprofit accomplish its mission.

It is also well known that the major strategic objective not met in version 1.0 of ebase was the provision of personalized technical support to scale. Users could not access TechRocks staff directly – by email, phone or in person – to help them with the adoption and ongoing use of the application. The software itself was good, but not good enough to eliminate the need for personalized consulting, training and technical support services.

The TechRocks community approach is essential not only to the fit of the product for the nonprofit sector at a low software development cost but also for reducing the costs of technical support, training distribution and marketing. The primary forum for this exchange is the ebase community support website: <http://www.ebase.org>. Here, registered users provide each other with tech support, user experiences, training materials, and helpful hints about how to make ebase successful for their org. Developers also share software updates, new modules, code in process, and consulting leads. The software and support improves because of this cross-pollination.

Because the user interface is vastly improved, ebase 2.0 will be easier to learn and use in most respects. But in others it will be more difficult to adopt than version 1.0. The number one design criteria that potential users identified was to make ebase customizable for the unique organizational processes that their organization follows. Thus we had to abstract the application to such an extent that before a nonprofit can use ebase effectively, they need to identify their organizational processes and write “business rules” in ebase that reflect their processes. The

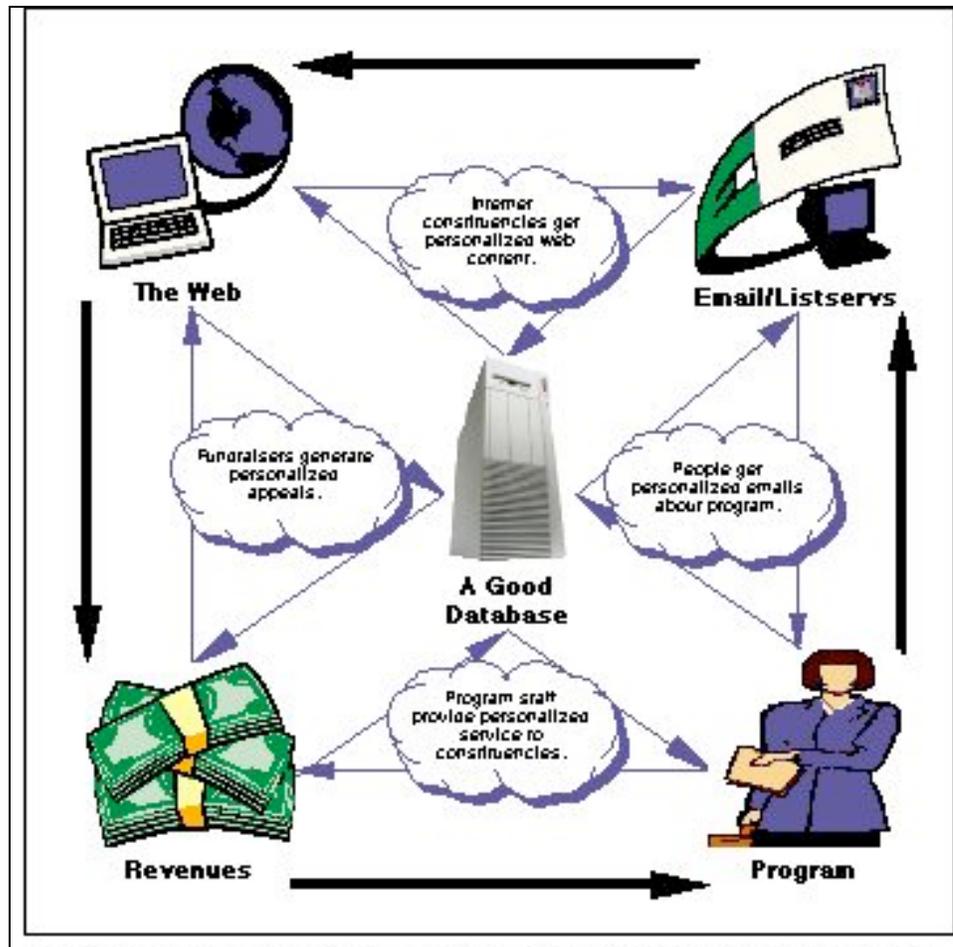
flexibility of ebase thus makes it possible for any nonprofit to use commercial quality CRM software, but they must first identify their business rules, and reflect them in the application.¹⁶

This is something that almost no nonprofit has done on its own, and thus they will need professional assistance from others that have. We have developed tools and techniques that accelerate this process, made available to potential users, but the intervention of a qualified consultant or the assistance of a similar nonprofit will be necessary for most ebase adopters. Fortunately, once it is done and well documented, the resulting application can be easily shared with other organizations that share the same or similar business processes. This was not possible to do easily in version 1.0 of ebase, but may well be the biggest single advance in version 2.0.

F. The Opportunity of Integrated Data

With appropriate assistance, every organization that adopts ebase can achieve data integration:

A good nonprofit database integrates people and programs using technology.



Considering that the potential adoption rate is vastly greater than version 1.0, facilitating access to appropriate assistance is paramount. Normally a software company would simply charge fees to conform an organization’s practices to the rigid rules that are already coded in the application.

¹⁶ See *Community Development of Grant Seeking Functionality in ebase* at <http://www.ebase.org/documents/GrantSeeking.pdf> for an example for how this flexibility can be used for more effective grant seeking.

As we say in the opening screen of ebase, “the ebase community is supported by TechRocks.” It is not our intention to be the sole supporter of the ebase community, but the initial one. Nor do we have any illusion of being able to build the support structures on our own to address the demand for ebase. In the next three years, we will develop ebase communities that can be self-supported, and supportive of each other. We will also build our own sustainable capacity to support ebase users.

In doing this, we need to develop programs, revenue streams and technology that sustain our ability to grow the ebase platform. The best way to do that is to create a membership community using the very same tools and techniques that we will advocate other organizations use that want to build their own sustainable communities, each engaging larger constituencies in the accomplishments of their goals and objectives using technology.

Because our target market is still quite price sensitive, ebase seeks to develop several mutual support communities – linked to each other providing support to each other, as in the open source software development process itself – to assure that as many nonprofits as possible can use community relationship management software as affordably as possible. And we will manage all of these relationships using a new web-based version of ebase, one that scales to manage many more organizations and individuals, and the relationships between them.

V. ebase Community Development Strategies

Program Goal: To establish the ebase Support Community as the locus of mutual support for ebase users, trainers, consultants and developers and as a sustainable social enterprise within three years.

Objective 1: ebase Online Community. Create technical support services on the ebase Community Support website to establish a sustainable community of more than 21,000 ebase users and 2,600 ebase organizational members, representing data about nearly 20 million people.

Technical support for most ebase users is currently provided by several internet-based services, accessed primarily through the ebase Community Support website, <http://www.ebase.org> (free registration – for now – required to access most features):

- ebase support listserv (designed primarily for use in the first three months of use);
- FAQs (answers to frequently asked questions);
- Access to the ebase consultants list; and a calendar of ebase training events; and
- Occasionally one-on-one email, phone and onsite support (by TechRocks staff).

Many of these services have been provided free for users of ebase 1.0 for four years, and the approach has worked well for smaller organizations that needed limited support because they had few resources. Our free technical support listserv for version 1.0 is considered one of the most effective in the nonprofit sector: moderated almost entirely by volunteers, ebase users receive competent answers the same business day. However, this approach is not scalable or sustainable for the target market (larger organizations with more complex needs), and the approach for the ebase 2.0 Support Community will address these weaknesses. While we will provide on-site and other medium- and high-touch services for organizations adopting ebase (see Objective 2), the

provision of low-cost, low-touch technical support is the best way to ensure that the most organizations, regardless of size, location or mission, can access expertise related to ebase.

A. New Technical Support Services for Community Members

TechRocks will establish the ebase Community Support website as membership-based service, accessible only to registered users of ebase that pay an affordable annual subscription fee. The services to be featured on the website include most, if not all, of the following within three years:

- moderated listservs and web conferences, segmented into several sub-communities;
- FAQs, expanded to include the capability for users to post questions to be answered;
- searchable archives of all online content and organized in a knowledgebase application;
- searchable directories of users, user groups, trainers, consultants, developers and other members, the content of which can be added and updated by qualified users;
- calendars of ebase Community Support events, such as trainings and user group meetings;
- personalized content based on attributes of each user, such as version of ebase, geography, mission, function in an organization, etc.;
- information about software sales (with sales fulfilled by DiscountTech) and donations;
- links to relevant online resources, such as TechSoup (<http://www.techsoup.org>);
- ebase news articles, the table of contents of which is published monthly, personalized to the recipient's profile and sent to their email inbox;
- online training seminars;
- a method for collaborative documentation of user best practices as reflected in ebase code sets;
- file upload areas for members to share custom solutions; and,
- upgrades, modules¹⁷ and data sets that extend the functionality of the core application.

The primary benefit of membership, however, will be access to others in the community.¹⁸

We will design the ebase Community Support website to make it easy for members to find each other based on their activities, interests and needs, and work together to solve common problems. We will make it easy for like-minded users to form affinity groups with each other. In this way, TechRocks will not get in the middle of these relationships, but allow relationships to form independent of us while we provide the online tools to make the relationships productive. Opening up the data profile of each user to other users, with a user's permission, will facilitate new relationships. In much the same way as eBay organizes a market for garage sales, the ebase Community Support website will connect constituencies to each other with minimal intervention from TechRocks.

¹⁷ An example of a module is the integration that ebase has with Groundspring.org (<http://www.groundspring.org>). We have developed technology, in partnership with Groundspring.org, to automatically import data about contributions made through Groundspring.org for organizations that use ebase. This module is made available only to members of the ebase Community Support site that are also current Groundspring.org customers. We are exploring other potential partnerships to make ebase an integration point for nonprofit data that exists on disparate ASPs.

¹⁸ For a geographically indexed directory of ebase users that have opted to make their contact information public, see <http://www.ebase.org/community/PublicMembers/publicmemberslist.lasso>. Note that you must already be a registered user of ebase, and have also opted to make your contact information public.

Using the ebase Community Support site, TechRocks will build and facilitate relationships among and between five critical communities of ebase supporters:

- ebase users, individual organizations that use ebase. We will connect ebase users to each other along three different dimensions: location, mission and function. ebase user groups, most often based on geography, will be encouraged (already several have developed independently), and we will design the ebase Community Support website to encourage the formation of communities of interest, based on mission (groups working with ebase to promote forest protection can find and work with each other easily), as well as function (development directors can find and work with each other to solve ebase problems associated with raising money, while activists can find and work with each other to use ebase to recruit and engage online constituencies for social change).
- A special constituency that we will develop on the ebase Community Support website is the database administrator (DBA), the person most responsible for ensuring that ebase is used effectively in each organization.¹⁹
- ebase User Group leaders, individuals that are associated with organizations using ebase, or consultants, trainers, and developers, that want to grow a local face-to-face ebase community to provide mutual support. Several ebase User Groups have sprouted, and we will support these User Group leaders as well encourage the development of additional user groups in communities where there is sufficient interest.
- ebase consultants and trainers, individuals and organizations that provide high-touch services to ebase users. We will create special places on the ebase Community Support website for these people to share best practices, training templates and consulting tools.
- ebase developers, individuals that extend the functionality of core ebase code by fixing bugs, improving core functionality, and developing add-on modules. We will create a special place on the ebase Community Support website for developers to work with each other and share their results. Several ebase developers have just begun building this online community (<http://developers.ebase.org>).

Finally the ebase Community Support site will be designed so that these constituencies can find each other:

- A user directory will profile the attributes of organizations and individuals using ebase so that other users can find them based on similar attributes. A consultant, trainer, developer or user group leader could use the same directory to provide information about services provided in their area.
- Consultants, trainers, developers and user groups will also be profiled (using the taxonomies and data structure created by NTEN's Capacity Map project, see <http://www.nten.org/capacity-map>). They can use the profiles to find other like-minded individuals that want to extend the functionality of ebase or work collaboratively to serve a larger market. Users will have access to a directory of consultants, trainers and developers, for times when they need technical support beyond what the Ebase Community Support website can provide.

¹⁹ See *ebase Database Administrator (DBA)*, <http://www.ebase.org/documents/DBADescription.pdf>, for the typical roles and responsibilities of the ebase database administrator. Many organizations have not yet formalized many of these roles and responsibilities in their staff job descriptions, and this outline offers guidance. See *Maintaining a Healthy Database, Database Standards and Style Sheet*, <http://www.ebase.org/documents/HealthyDatabase.pdf>, for a suggested procedure that DBAs can use to ensure that "garbage in, garbage out" is not their biggest problem.

Each of these communities will be supported across three database platforms (FileMaker, and eventually Microsoft Access and OpenACS, see Objective 3), and would be available to each other for support. Personally identifiable information of any individual or organization represented in the ebase Community Support website will be protected, and released only by “opt in” permission and only to other community members that have similarly opted to make their profile data public.

TechRocks will use the site, which will itself be based on the ebase data model and user interface, to build the community of ebase supporters. As we develop the technical support services, we will use ebase to build relationships with community members. And we will do this in such a way as to model behavior for other ebase users, by building a membership-based site. We will document how these services are provided, and make them available to members, so that an organization adopting ebase can learn how to build their own communities using ebase.

For example, as our membership grows, we will develop and provide online trainings about how we are conducting online membership recruitment using ebase, how we are renewing memberships using ebase, how we are increasing the interactivity and personalization of our relationships with members using ebase, and how we are involving community members more in the accomplishment of our strategies and activities using ebase.

Most nonprofits understand the membership model (even if they are not a membership organization themselves) as a way to define who gets service and who does not. We will build the ebase Community Support site to model this behavior so that nonprofits can learn how to build and manage their membership and community involvement programs using ebase itself.

B. Expanded, Free Technical Support for Nonprofits Considering ebase

Access to the very top levels of the site will be free and open – to download ebase (core files for all platforms) with documentation, and to find information to help an organization make decisions about the deployment of ebase. The free services available to nonprofits on the ebase Community Support site, to be developed over the next three years, will include:

- an online *Overview of ebase* video, a one hour multi-media viewable by web browser;
- information about the total cost of ownership of ebase (ebase may be free for download, but no database implementation is free and we will provide a checklist on typical costs);
- web forms to post questions about the functionality of ebase and suitability for its use (these questions would be answered by TechRocks staff; answers to technical support questions would not be provided, only answers to questions prior to adoption of ebase);
- access to listserv archives and the FAQ to help answer simple questions and provide a preview of the benefit of community membership (non-members cannot post questions)
- a return on investment calculator, designed to show how investments in data integration can lead to greater efficiencies in an organization;
- a social return on investment calculator, designed to show how investments in data integration can lead to greater effectiveness and impact in an organization; and
- a technology assessment and planning tool (TechAtlas), designed to provide an organization interested in adopting ebase a set of recommendations about first steps, including a total cost of ownership calculator that estimates up-front and ongoing costs for an ebase implementation, customized for organizations of differing size and mission.²⁰

²⁰ See *TechAtlas Database Assessment*, <http://techatlas.org/tools/assess.asp?ptr=10918938&asid=180> for

These tools and services will be provided for free, on a "look but don't touch" basis. Once technical support is needed, however, an organization must join the ebase Community Support site by paying the modest annual membership fee. The fees will be based on a sliding scale, taking into account the budget size of a nonprofit, and making special fees for organizations that are not 501(c)(3) organizations (such as private companies and foundations, both of which will be solicited to support the community).

C. Campaign to Recruit Members to the ebase Support Community

Many aspects of the ebase Community Support site as a membership system can be seen already at <http://www.ebase.org>, even though we are not charging for access. We will begin to charge mandatory fees in Spring 2003, after a general upgrade to this site this winter. The current technology for the ebase Community Support site, however, is not adequate for administering a membership system with several thousand members, and the site functionality will be ported to a different technology, based on OpenACS version of ebase, by Fall 2003 (see Objective 3).

Our objective is to recruit and retain 2,648 ebase Community Support website members (out of a projected 21,555 registered ebase users) by the end of 2005 to reach sustainability. Our marketing strategies will need to drive approximately 11% of the 1.3 million nonprofits to download ebase²¹. Our online messaging will need to convert 15% of downloaders to register their software (a feature that will be built into ebase 2.1, Spring 2003) at no cost. And our core value proposition will need to convert 15% of downloaders into paying members²².

Our marketing strategy includes:

- Direct marketing to nonprofits that fit our mission and budget criteria (of the 250,000 501(c)(3) nonprofits that filed form 990 with the IRS in 2000, there are 65,875 in our national target market, and we have a database of their street addresses²³). We will test messages to several market segments to encourage ebase downloads, as well as to encourage organizations to develop a free online technology plan on TechAtlas to determine their organizational readiness, ability and willingness to adopt ebase.
- Direct email marketing to the 27,000 downloaders of ebase version 1.0 to adopt or upgrade to ebase version 2.0;
- Partnerships with national and regional umbrella organizations and associations, such as the Land Trust Alliance (many of their members are already using ebase version 1.0, and we have already developed best practice code sets for use in ebase 2.0) and the Cooperative Extension Service (the Extension of Cornell University is already an ebase 2.0 user), as well as sector-specific associations such as National Council of Nonprofit

the first draft of an online assessment and planning tool being developed to help in the adoption of ebase.

²¹ We have targeted 65,875 nonprofits in the United States, based on their social mission and budget size, using IRS Form 990 data available from the National Center for Charitable Statistics. Other nonprofits will be recruited by our users, by word of mouth advertising.

²² See Appendix F, *ebase Website Strategic Conversions*, for quarter-by-quarter projections on each of these metrics.

²³ We will augment this database with data from the full database of the nearly 800,000 organizations 501(c)(3) organizations, again available from the National Center for Charitable Statistics. The smaller database provides much more complete profiles of nonprofits, which then can be extrapolated to find the best targets in the larger database.

Organizations and Nonprofit Technology Enterprise Network, etc., to market to their members (who, in turn, are in touch with many thousands of nonprofit organizations).

- Partnerships with other technology capacity builders or online service providers for the nonprofit sector, e.g. Grounspring.org, Guidestar, Network for Good, for cross promotion.
- Direct email and snail mail marketing to sector-targeted email lists based on cross promotional barter;
- Banner advertising and link exchanges with relevant and high traffic sites;
- Participation in the Surdna Foundation-sponsored Nonprofit Technology Tour, a campaign by several national technology assistance providers to collaboratively market a suite of tools and services to the sector at sector-specific conferences and trade shows;
- Engagement of current members of the community to help spread the word about ebase – an ebase "word of mouse" campaign – and provide them with collateral material (flyers, presentations, etc.); and
- National and localized public relations campaign featuring high profile success stories.

Our top line messages will make our market distinctions clear, and be repeated in all campaigns:

- **Value:** affordable pricing, technology integration “pays for itself,” longer-term technology planning with reachable goals, easily customized solutions.
- **Credibility:** technology created by nonprofits for nonprofits, we speak ‘nonprofit,’ mission alignment, we know how to implement social change, 80 years of nonprofit technology and management experience on our team.
- **Mid-Sized Clients:** proven record of success, specialized knowledge of same-size organizations, targeted clients are likely to succeed at change.
- **Teaching To Fish:** capacity building for long-term effectiveness and impact, deeper relationships with constituents, more opportunities for internal growth.
- **In-House Technology:** proven applications, stable, secure and locally controlled, “you own your data,” can be integrated with externally housed data.
- **Open Source:** community built and supported, transparent, always evolving and improving, best practices reflected in all systems.

Once we have recruited a prospective member to our site, we will develop an interactive email application (using ebase) to engage prospects over a 4-week period –the ebase community "ladder of engagement" – to further consider ebase and join the ebase Community.

Objective 2: ebase On Land Community. Develop a community of high-touch training, technical support and consulting service providers to enable the direct provision of local support services for ebase users and members.

While many users of ebase will be successful with the help they receive through the ebase Community Support website, many others will require the assistance of a locally-based expertise to help them assess and plan their database project, convert data from their legacy databases, create code sets that reflect the business rules of their organization, and train database administrators and staff in the effective use of ebase.²⁴ The availability of local technical support more often than not makes the difference in a successful adoption of ebase.

²⁴ ebase is shared freely, is open for community improvement, and is supported by the people who use it. However, ebase 2.0 database software is designed for nonprofit organizations operating with adequate technology infrastructure and technical support staff or IT consultants that many smaller organizations

Throughout the history of ebase 1.0, TechRocks has recognized that we would never be able to develop the capacity to deliver high-touch support services on a national scale. In fact, we intentionally decided not to focus on providing training and consulting services. Rather, TechRocks has developed a network of independent ebase consultants, trainers and database developers that are equipped with the skills and tools necessary to provide these services to their own clients. We have convened several meetings of this constituency throughout the past four years, including a series of regional preview meetings last fall and winter and a national gathering this May at the B Bar Ranch in Montana²⁵, to introduce the consultant, trainer and developer community to ebase 2.0. Currently, there are over 50 individuals and organizations we've worked with directly that are consultants, trainers and developers specializing in ebase services, many of which are also members of the larger "circuit rider" community.²⁶

While the network is strong, there are many areas of the country and many sectors of the nonprofit community that still need access to local help. TechRocks has experience in the development of national nonprofit technical support communities:

- TechRocks initiated and incubated the Circuit Rider community, now widely recognized as the largest peer network of technology assistance providers serving nonprofits.
- TechRocks initiated and incubated the National Strategy for Nonprofit Technology, which eventually became the Nonprofit Technology Enterprise Network (N-TEN). N-TEN is the professional association of nonprofit technology assistance providers.

Following lessons learned in these experiences, there are several activities that we will undertake in the next two years to grow the network of trainers, consultants and developers:

D. Develop and Implement Training Methodologies

TechRocks has a long history of training organizations in classrooms, at conferences and online. Since October 2001, we have also been conducting introductory ebase 2.0 trainings, visiting several cities last fall – Berkeley, Boston, New York, Atlanta, Orlando, and Seattle – conducting three sessions in each city. This spring we also held two introductory trainings – to test the market – charging \$150 for a one-day class, \$300 for a two-day class. All classes oversold, with 15 students in each. Since ebase 2.03 was released in August, we've offered several trainings in San Francisco, Boston and New York, and each training has sold out.

For more sophisticated nonprofit users, and for consultants and trainers, these materials must be developed into a more professional and comprehensive curriculum delivered online and in

may not possess. Organizations that download ebase need to understand that a significant investment in time, and considerable extra resources, will be required for ebase to benefit their organization, and that many organizations will require the assistance of a professional. Because so many organizations assumed that there was no cost to using ebase, TechRocks and the community of ebase consultants, trainers and developers prepared a "Truth in Advertising" statement, published on the ebase website, that clearly articulates the cost of adopting ebase. Please see <http://www.ebase.org/about/TIA.htm> for the Truth in Advertising Statement.

²⁵ For comments from the ebase Consultants and Trainers Seminar at the B Bar Ranch. see *What Colleagues are Saying About ebase*, <http://www.ebase.org/documents/ColleagueComments.pdf>.

²⁶ For a geographically indexed directory of consultants and trainers specializing in providing ebase services, see <http://www.ebase.org/support/consultants.htm>. There are over 300 individuals that are currently self-identified as ebase developers in the developers workshop on the ebase website.

classrooms. We also need to develop a certification path so that ebase users can receive quality training from qualified consultants and trainers in their community. TechRocks will develop, enhance and package these course outlines for the following groups:

- **Level 1: Introduction to ebase 2.0**
This 1- or 2-day class provides an introduction to the functions users will need to know to begin using ebase: how to navigate ebase, enter data, perform complex searches, customize with ebase's flexible system of item codes, produce letters and reports using Microsoft Word and Excel, and send email messages.²⁷
- **Level 2: ebase 2.0 for Database Administrators (DBAs)**
This 2-day class provides an introduction to ebase's administrative functions. Participants will learn how to: (a) design an item code system; (b) protect data (avoid crashes) and back up data; (c) add users and customize menus; and (d) import data into ebase. Participants in the class will be certified as ebase DBAs once they pass an online test within one month of the class date. The class also provides an overview of relational database concepts and of administering ebase on a local area network.²⁸
- **Level 3: ebase 2.0 for Trainers and Consultants**
This 2-day seminar will provide in-depth experience for consultants and trainers who want to provide training, conversion, and consulting services to ebase users. Participants will learn how to (a) consult with clients on designing item codes; (b) perform data conversions; and (c) design custom reports and custom stored finds. Participants will also get an overview of ebase's web interface, custom module development, and basic networking issues not specific to ebase.
- **Level 4: ebase 2.0 for Developers**
This 2-day seminar will provide an intensive tour "under the hood" of the ebase core files, focusing on data structure, relationships, and conventions. Participants will gain the background and understanding needed to develop their own add-on modules and for collaborative software development with the ebase community.

In addition, TechRocks will develop a special 1-hour "Overview of ebase for Nonprofit Leaders." This class will demonstrate the benefits of implementing a community relationship management approach to fundraising and activism. It will help busy nonprofit leaders assess whether ebase is the right database for their organization as well as make plans for implementing ebase. Finally, this class, and the Introduction to ebase class, will be developed into online training sessions, offered regularly so that participants can join in a hands on training while at their own computer using a phone bridge and a web browser. TechRocks has offered these one-hour sessions on various topics in the past, and they prove very cost effective.²⁹

These trainings can be offered by TechRocks staff or by others in the ebase support network that have been certified. Each training can be offered in a computer lab setting (hands on experience being the best way to learn); a lecture setting (less effective, especially for more advanced subjects); for a group of nonprofits adopting ebase in a community; or custom tailored for the

²⁷ See <http://www.ebase.org/training/levelone.htm> for an agenda for Introduction to ebase 2.0.

²⁸ See *ebase Database Administrator Training*, <http://www.ebase.org/documents/DBATraining.pdf>, for an overview and class outline targeted at this most critical constituency, the person in each organization that is most responsible for the success of an ebase implementation. Funding to support this work has been provided by the SBC Foundation, in partnership with NPower Seattle, to provide trainings services in the coming year throughout the NPower network in the 13 states serviced by SBC Communications.

²⁹ Our first online class, "Is ebase 2.0 Right for You?" scheduled for November 21, is sold out. See <http://www.ebase.org/onlinetraining/>, User ID = ebasetraining, Password = demo.

needs of a specific organization. All trainings will have standardized materials, including training outlines (for both participant and trainer), presentation slides, sample data sets, and evaluation materials (measuring how well participant learning objectives were achieved). The development of these materials will be much the same way that ebase itself was developed: we will prepare the first draft (tested through our own training program), provide the materials to the community for their own use and improvement, and facilitate the dissemination of improved materials.

Consultants and trainers that complete each stage of our training path will be tested in their proficiency. We will develop an online testing tool, as well as observe their training consulting style in the context of the Level 3 seminar. Once consultants and trainers have demonstrated proficiency in ebase, we will certify them. This certification can be used in marketing their skills and expertise to their clients, and we will list them among certified consultants and trainers on the ebase Community Support website. Similarly, developers can be certified after successful completion of a Level 4 seminar, a test, and submission of a well-functioning ebase module.

E. Develop and Implement Consulting Methodology

While training is the preferred way for nonprofits to receive technology assistance, many nonprofits will need additional consulting services to successfully implement ebase. TechRocks has provided these services to large networks of organizations using ebase 1.0 (in 2000, we installed ebase 1.0 in 32 organizations involved in a joint capacity building project of the Planned Parenthood Federation of American and the National Abortion Rights Action League³⁰), and several dozen independents consultants have also specialized in providing hand-on assistance to organizations adopting ebase.

For ebase 2.0, we have developed what we call the ebase Engagement Methodology, a way to systematize the long-term and often complex process of converting an organization's data to ebase. Our experience is that without a clearly articulated methodology, it is too difficult for an organization to engage fully for the several months required, and for consultants to successfully implement a conversion (this is true of any database conversion, regardless of application). TechRocks has developed a methodology with clearly defined roles and "go/no go" decision points, as well as responsibilities and relationships. The model assures a progressive trajectory toward positive outcomes. It involves the creation of a distributed team to:

- Work with client staff to clearly assess needs, define tasks and training objectives;
- Work with client staff to identify and encode business procedures as ebase item codes;
- Support the conversion of legacy data;
- Empower the designated client database administrator to learn the relevant computer / data management skills, FileMaker Pro skills, and ebase processes; and
- Support the database administrator's training of client staff in ebase skills; and ongoing support after the engagement ends.

This approach uses a 5-person task force with clearly outlined roles and responsibilities:

- *Client Project Director* and *TechRocks Project Lead* – management roles assuring that project milestones and deliverables are met in a timely manner. The TechRocks Project Lead is always a current staff member;

³⁰ For a success story about using ebase to mobilize citizens at a moment's notice, see *ebase Case Study: Using Technology to Mobilize*, <http://www.ebase.org/documents/NARALCaseStudy.pdf>.

- *Client Project Manager* and *TechRocks Client Representative* – operational roles assuring that the database implementation project is completed successfully, by staff and sub-contractors. The TechRocks Client Representative is usually a subcontractor; and
- *TechRocks Technical Lead* -- logistical role doing actual data conversion and custom programming as necessary. Using remote control software, the Technical Lead (who could be TechRocks staff or subcontractors) can work anywhere.

The ebase Engagement Methodology consists of the following major steps:³¹

- an articulation of the needs that must be met by the engagement process, both for the consultant and client;
- a description of the several roles and functional relationships between several members of an engagement team, from both the consulting organization and the client organization;
- a pre-engagement process, outlining the steps needed to be taken by consultant and client before an actual commitment is made to convert an organization's data to ebase. These steps are primarily data gathering (through TechAtlas and an on-side assessment of technology infrastructure and data management practices) and consultant/client meetings to clarify roles and responsibilities if the actual adoption proceeds. The pre-engagement process results in either a decision to not proceed, or a negotiated Statement of Work which outlines the deliverables, time tables and costs for implementing ebase.
- the engagement itself, where the consultant and client team work together to address required infrastructure needs, articulate business process in the organization, define a coding structure to reflect business rules, clean and convert data to ebase, install ebase and configure it for user accounts, test ebase, train staff, and finally turn ebase on.
- a post-engagement process, where the consultant is on call to troubleshoot the installation for a period of one to three months. An evaluation of the consulting engagement is also conducted.

TechRocks will refine the ebase Engagement Methodology, with members of the ebase Community Support network, by being involved in three ways with clients:

1. TechRocks subcontracts portions of the work to professionals in the network that we have certified. TechRocks would be the prime contractor, for any client that meets our market criteria except for the geographic one, and subcontract the deliverables that require on-site assistance, such as on-site assessment, database installation, and staff training. Most other tasks, including engagement management and data conversion, can be accomplished remotely, with the use of remote control software. This is the model that will be most vigorously developed, to ensure that clients are geographically diverse.
2. TechRocks is the sole contractor, doing all of the work, for select clients that meet most if not all of our market criteria:
 - are in the New York or San Francisco Bay areas;
 - are generally IT ready, meaning that they have met most if not all of the benchmarks of a minimally equipped organization (i.e., their basic technology infrastructure is in place);
 - have budgets that are large enough to devote resources to a data integration project (minimum of \$500,000 annually); and
 - are in alignment with our mission “to accelerate social and political progress for community collaboration and civic engagement.”

³¹ See <http://www.ebase.org/documents/SampleSOW.pdf> for a sample *ebase Engagement Process* that is presented to each client and forms the basis of a 3-6 month relationship as an organization adopts ebase.

3. We are subcontractors to others in the network that are the prime contractors. This will generally happen only when someone in the network requires technical expertise that only our staff have, being the architects and coders of the application.

To recruit many more members of the network in our engagement process, we will collaboratively improve the TechAtlas database assessment and planning tools so that they accurately point nonprofits to recommendations that make ebase installations successful. Working with NPower, co-developers of TechAtlas, we will convene many of the members in our ebase Community Support network to refine the current TechAtlas tools. We will encourage, to the extent possible, that all ebase technical support providers use TechAtlas tools that we collaboratively create, so that we can learn from each other about best practices in database assessment and planning methodologies, and capture best practices for ebase in TechAtlas.

F. Bundle Trainings and Certification through Regional Meetings

TechRocks will develop an “ebase Road Show” to jump start the development of the local ebase communities, especially the consultants, trainers and developers network. It is critical that we extend the network of evangelists and practitioners as early as possible to grow the overall user community.

For one week, in each of 8 locations per year starting in Quarter 4 of 2004, a team of TechRocks staff will convene a Level 1 followed by Level 2 training for end users. Then the team will offer concurrent Level 3 and Level 4 trainings. Local consultants, trainers and developers will be encouraged to attend the Level 2 training, to introduce themselves and develop relationships for follow on support.

Target communities currently include San Francisco, New York, Washington DC, Seattle, Denver, Chicago, Atlanta, Minneapolis/Saint Paul, and Boston. Marketing for the meetings will be regional, and an outcome of each week will be the identification of core leadership and next steps strategy for establishing a local ebase User Group. One community each year will also act as the host of a national annual meeting of the ebase Community, the place where anyone can come for professional development and networking related to ebase.

G. Develop Scalable Technical Support Systems

When most software users want technical support, they pick up the phone to call the software publisher. In an open source project, it is often hard, if not impossible, to know who to call, especially as an organization is just starting to use the application. And it is all the more difficult to access the software publisher economically when the software is provided at no cost. Even a large-scale software publisher such as Intuit charges \$2 per minute to access its Quicken technical support staff by phone, indicating that the vast majority of software publishers lose a great deal of money providing free telephone technical support.

As we develop the network of user groups, trainers, consultants and developers, we will also develop a technical support triage service. We will develop in-house capacity to triage calls to our own staff, based primarily on optional service contracts that accompany the ebase Engagement contracts we have completed. However, as we develop this internal capacity, we will also prototype the capacity to triage with other members of the support network so that ebase users can get access to specialized expertise that is close to them at the lowest cost. Our

service will be primarily diagnostic in nature, determining what the problem is and the technical attributes of the client's installation. In exchange for a service fee, we will then match the client's needs with a service provider that can then conduct follow-up phone calls to solve the problem. While the triage fee will likely be flat rate, the fees charged by service providers will vary.

H. Conduct Marketing to Recruit Network Members

To reach our recruitment goals for consultants and trainers, TechRocks will undertake special marketing activities to target several constituencies:

- Technologists that specialize in the ebase database platforms (FileMaker, Access, OpenACS);
- Management support and technical assistance specialists that specialize in organizational processes (such as establishing direct mail membership campaigns, engaging citizens in civic processes, etc.);
- Circuit riders, technologists that specialize in serving the nonprofit market both in the United States and internationally with general technology assistance; and
- Organizations that act as “hubs” of international nonprofit and non-governmental organization (NGO) activity. Currently more than 20% of ebase downloaders are not from the United States, and are unsupported on the ground. By reaching out to NGO consortia, we hope to build technical support capacity for ebase in the organizations that are already providing a variety of support services for NGOs.

We will promote ebase, and the certification path that is the result of participation in either Level 3 or Level 4 trainings, through several channels:

- Through their professional societies;
- Conferences and meetings (such as the Circuit Rider Roundup or the FileMaker Developers Conference); and
- Email lists and other newsletters/publications.

I. Provide Referrals to Network Members

The word of mouth evangelism of the consultants, trainers, developers and user group leaders network will help expand the ebase Community. TechRocks will prepare marketing materials to help evangelists do their jobs:

- Hard and soft copy flyers;
- A short, online video to reinforce the “community-centric” message;
- PowerPoint presentations (designed to inform nonprofit leaders about ebase); and
- A “Strategies and Talking Points” document for use in evangelizing ebase.

In exchange for their evangelism, TechRocks will provide access for consultants, trainers, developers and user group leaders to downloader information. For example, when a nonprofit downloads ebase from Minneapolis, TechRocks can notify both the user group leader and a management assistance organization both serving the Twin Cities that a follow-up email might encourage this prospect to both join the ebase Community and use their local resources. Similarly, we will segment downloaders and new members by mission, function and platform, and push these prospects to the support network based on matching member profiles. Finally, when consultants, trainers and developers are certified by TechRocks, we will actually provide referrals, consistent with our Training and ebase Engagement methodologies.

J. TechRocks Specialties

While TechRocks develops the capacity of the entire nonprofit sector to access specialized ebase support services, we will continue to focus on organizations in our target markets that are in alignment with our mission to accelerate social and political progress. Our services will be focused on helping organizations to use technology to increase the involvement of citizens in the accomplishment of social mission of the nonprofit (our ladder of engagement), usually through civic participation, organizing and advocacy strategies (their ladder of engagement). In this regard, we will engage management assistance organizations that specialize in civic engagement strategies as partners in the development of our integrated training, consulting and technical support methodologies. Of course, true to our open source beliefs, we will make the tools and methods that we develop in our practice available to other organizations with similar missions, and to other organizations that want to adapt them for their own purposes.

Objective 3: ebase Research and Development. Support the development of ebase 2.0 on two other database platforms (Microsoft Access and an open sourced database), and synchronize the further development of ebase 2.0 for FileMaker with other platforms.

While FileMaker Pro, the database platform upon which ebase 1.0 and 2.0 has been built, is technologically the best choice for a development environment that works equally well on Windows and Macintosh computers in a client-server environment, as well as provides development tools that are easy for most nonprofit staff to learn and use, FileMaker itself has limitations that prevent ebase from becoming a standard community relationship management application for the nonprofit sector. Many of these limitations are technological in nature (for example, it's hard to develop web interfaces to work with FileMaker data) but the main limitation is that FileMaker is not a market leader, and its market share is not increasing. Most nonprofits already have Microsoft Access, included with the Microsoft Office suite, or a web browser, either of which they would prefer to use as the interface to their data. Having to acquire FileMaker simply puts another barrier in the way of nonprofit effectiveness. Thus, our most frequently asked question is, "When will there be a version of ebase using Microsoft Access?" Our second most frequently asked question is, "When are you going to provide access to ebase via a web browser?"

We recognized FileMaker's limitations over two years ago, and as we started on the new version we designed ebase 2.0 for FileMaker for portability, making it easier to re-create the functionality of ebase on other database development platforms. We will continue to develop ebase on the FileMaker platform for the foreseeable future (we will not abandon the several thousand organizations already using this technology). However, ebase will be ported to Microsoft Access, as well as a fully open source, web-enabled database development platform, based on OpenACS.

K. ebase for Access

For Microsoft Access[®], we have already begun to work with the Fund for the City of New York, who is taking the lead on organizing the community of Microsoft Access programmers to port ebase to the Microsoft database platform. ebase. 2.0 for Access is targeted for organizations that already have Microsoft Access up and running. ebase 2.0 for Access will also be scalable to

Microsoft SQL Server³², which will accommodate much larger organizations that require a very robust client-server system (total number of contacts exceeds 50,000 or total number of transactions exceeds 750,000 – ebase 2.0 for FileMaker limits – or smaller contact databases that require much higher transaction processing across a network, such as a phone canvass call center).

The Fund will be coordinating all of the programming for ebase 2.0 for Access. Our role is to help them understand the data model, feature set and user interface so that anyone using ebase does not need to know that what is behind their version of ebase is FileMaker or Access (or OpenACS, see below). Once ported, ebase 2.0 for Access can be deployed in organizations much like ebase 2.0 for FileMaker is, as a stand-alone, single-user application or as a client-server, multi-user application accessed across a network.

ebase 2.0 for Access will be made available to the nonprofit community just as ebase 2.0 for FileMaker is, shared freely and open for improvement by the community that uses it. In addition, ebase 2.0 for Access will be supported as ebase 2.0 for FileMaker is, and the technical support systems implemented in Objectives 1 and 2 above will be scaled to the very large increase in demand that will result upon the release of ebase 2.0 for Access in Spring of 2003.

L. ebase for OpenACS

In *After the Bubble: Investing in Internet-based Social Enterprise in Challenging Times*, published by The Atlantic Philanthropies and the Flatiron Foundation December 2001³³, author Jason Scott (currently at the Columbia School of Business and London School of Economics) states, “The internet created demand for CRM solutions that integrated email and other features that would allow businesses to better serve their customers through the internet.”

Scott goes on to describe the marketplace for CRM, “The CRM market is huge. CRM was a \$19.9 billion market in 2001 and is expected to reach \$64.3 billion by 2005. Yet every nonprofit has (or needs) a database, and almost no nonprofits know how to effectively extract value from that database whether for tracking social service clients or inspiring a constituency to action.”

Scott continues, “The closest example of a pure nonprofit CRM software is ebase, a free database program from the nonprofit TechRocks, which facilitates every thing from grant reporting to communications, to online activism, to membership.” Scott concludes, “ebase itself is one of the best examples of a *niche* software product that can be made more effective as an ASP (application service provider).” Integrated with client-server installations, or used by itself as a web service, ebase as an ASP is a logical next step in the evolution of the platform.

Many of our clients need a version of ebase that is strictly web-accessible, replicating the data model, user interface and feature set of the FileMaker (and Access) versions. TechRocks also needs this functionality: the primary reason is so that we can build our own communities – of ebase users, leaders, consultants, trainers, and developers – to support and extend the adoption of

³² Microsoft Corporate Contributions has indicated an interest, depending on demand from ebase users, in adding SQL Server to its software donation offerings made available through DiscounTech.

³³ The publication is available online at <http://www.techrocks.org/pubs/InternetSocialEnterprise.pdf>.

the technology³⁴. Of course, we will open source the resulting code, for adoption by other organizations that need similar tools and will contribute improvements back to the community, as well as model the methodologies organizations can use to build their own communities. As high tech companies say when they use their own products, “we will eat our own dog food.”

For a web-enabled ebase, we will use OpenACS, the open sourced version of the ArsDigita³⁵ Community System. OpenACS relies on PostgreSQL as its database backend, fully open-sourced and designed to manage very high-volume transactional data (like Oracle). Access to the OpenACS version of ebase by users would be by web browser, obviating the need for installation or use of a client application. We have already established good relationships with the OpenACS community, and a CRM application is welcomed as a critical addition to their system.

Once ported, the OpenACS version of ebase could be deployed in several ways:

- In larger nonprofits, with budgets over \$5,000,000 and dedicated IT staff. The FileMaker version of ebase are ideally suited for small to medium-sized nonprofits, but does not scale well to the needs of larger nonprofits. ebase for OpenACS will serve much larger organizations that do not want a client-server implementation (such as ebase for Access).
- At an application service provider (ASP). The management of data would be aggregated for many organizations and hosted offsite, providing each organization secure access to only their own data. A nonprofit ASP such as ChangeFrame (developed by NPower Seattle) could host ebase for OpenACS for each of their clients. Umbrella organizations could also host ebase for each of its affiliates: the National Abortion Rights Action League is interested in this solution, to provide each of its local chapters access to a user friendly yet low maintenance application. (Note: TechRocks will not host an ebase ASP.)
- As an application in an integrated server solution. Once ebase OpenACS is released, IBM and Red Hat will help us build an “Org in a Box,” a turn-key server solution that integrates email, web and database management applications specifically designed for the nonprofit sector. Because all applications are open sourced, the price point of the server can be kept to under \$5,000, including configuration. ebase for OpenACS would be the featured application, designed specifically for nonprofit data integration on the internet.

Over the past year, we have been working with numerous technologists in the nonprofit sector to organize resources for the development of ebase for OpenACS. This summer, David Geilhufe of Social Source Software and the Nonprofit Open Source Initiative, has convened several conversations among these tools developers to settle on a development path for what everyone agrees is needed: an accessible, affordable and integrated web-based application for running a nonprofit. Participants in these meetings – which include representatives from NPower (both

³⁴ We have done a scan of the market to see if there are other solutions that can be used. While the functionality of many of the solutions provided by for profit companies approximates a web-enabled ebase, their business models do not accommodate the portability of data that is required for nonprofits. All commercial providers have proprietary data models, ensuring locking of their customers into their systems. Nonprofits need their data to interoperate with a number of systems, and thus the classic "buy or build" decision was made to build: build once with interoperability in mind and the conditions of synchronicity have been established so that data can become the currency of collaboration within and between nonprofits.

³⁵ ArsDigita, recently purchased by Red Hat, is the company that created the Action Network and scorecard.org for Environmental Defense. ArsDigita encouraged the development of an open sourced version of its software, and OpenACS is now in version 4.5 and used by thousands of organizations to build online communities.

Seattle and Portland), Groundspring.org, ONE/Northwest, NetCorps, TechAtlas and Green Media Tool Shed – are gravitating toward ebase for OpenACS as the community relationship management component for this application, primarily because we have done all of the heavy lifting already and have a demonstrated track record of involving the community in application development.

We are currently engaging members of this group, as well as major clients, to become partners in the development of a functional and technological specification for ebase for OpenACS, based on a port of ebase 2.0 for FileMaker³⁶. Everyone agrees that we all have similar needs in such a web-enabled application, that none of us alone can afford to front the considerable development costs, that if we pool our funds and engage in a collaborative development process (based on shared specifications) we can get 80% of the functionality that each and all of us need for 20% of the cost, and that we can each use our leftover dollars to develop our specialized application to work with the collaboratively developed code. Once the specification is completed this winter (facilitated by an outside contractor as TechRocks is a partner in this process), an RFP will be issued to begin development of the application early next year (TechRocks will not do the coding). The application will be deployed in partner groups by the end of 2003, including in TechRocks: the ebase Community Support website will be hosted by ebase for OpenACS.

In both the ebase for Access and ebase for OpenACS ports, it is important to note that TechRocks is changing its role in relationship to the development of these applications. For versions 1.0 and 2.0 of ebase built with FileMaker, we had to be applications developers ourselves as there were no other open source communities to join in making the fruits of their efforts available to the nonprofit sector. We had to start our own community. All open source projects start with an initial product developed by a small team of developers. Once finished, it is thrown open to the community to improve and extend. We are at that stage now with ebase 2.03 released in August 2002. The proof of concept is done, in FileMaker, and now the community is being organized to improve and extend it. For the Microsoft Access and OpenACS versions of ebase, all of the heavy lifting has been done in the FileMaker version. What remains to be done now is to replicate that application on new platforms by other coders, so that all market demand can be met. Our role going forward will be to not write code, but to organize others to write code; to stop being application developers and concentrate on being community developers.

M. ebase for FileMaker

Our shift in roles is even evident recently in the FileMaker platform. While TechRocks staff have been very careful to include over 200 people in the design of ebase 2.0 for FileMaker, the vast majority of code has actually been written by TechRocks staff. To get an open source application out the door so that the community can improve upon it, it is necessary for coding to be done by a small team, in this case our staff. But maintaining and extending the resulting code is not sustainable if handled by a small team, and thus the open source community development process kicks in.

³⁶ See *ebase for OpenACS*, <http://www.ebase.org/documents/ebaseforOpenACS.pdf>, for the rationale we are using to engage major clients. A key aspect of this process will be to develop community consensus – even standards – about how to represent in a data model the entities that nonprofits manage, individuals and the transactions with and among individuals. Currently there is no consensus on this (there is not consensus even within Microsoft applications!), and without standards it will be much more difficult for nonprofit open source applications to develop interoperability of their data.

We introduced this challenge at the recent ebase Consultants and Trainers Seminar held at the B Bar Ranch in Montana in June 2002. While the purpose of the seminar was to train consultants and trainers on how to work with organizations in an ebase engagement, a productive and energetic subgroup of the participants that also happened to develop applications and/or documentation actually rose to the occasion. They committed to producing ebase code and documentation to make it easier for organizations without consulting help to adopt ebase.

There are several independent projects being conducted and coordinated this fall to produce the user-friendly "EasyStart" version of ebase (ebase 2.1):

- New configuration and initial setup options;
- EasyStart code set, reflecting basic "best practice" business rules for most nonprofits;
- EasyStart Guide and related documentation to make the first-hour and first-day experience of ebase a positive and productive one; and
- New on-screen documentation on the ebase download site to educate new users about the choices they have to make to successfully implement ebase.

EasyStart is scheduled to be released later Winter 2003. Organizations involved in EasyStart include NetCorps, NPower, Social Source Software, the Fund for the City of New York, the Management Assistance Program for Nonprofits, and several independent consultants. TechRocks role is to support these organizations in the work they are doing in much the same way that we are supporting the port of ebase to other platforms: we are available to jump start their understanding of the ebase user interface, data structure and functionality so that their code and documentation development can be as efficient as possible. At the end of the process, we will assure that documentation and code is up to ebase quality assurance standards, integrate improvements with the core application (a task which may involve substantial coding work if coding conventions are not followed), and produce the installers for posting on the website.

EasyStart is an example of the community development of ebase, made possible because we created the conditions for community collaboration to occur. Another example is the effort of NPower Portland to develop a better version of the ebase Code Tutorial, a key tool that groups use to define their code set when they are first implementing ebase. Another example is the grant seeking module being developed to support archiving of documents (see <http://www.ebase.org/documents/GrantSeeking.pdf>). Yet another example is the code being donated by Todd Koym, circuit rider for the Edgerton Foundation (one of the foundations resulting from the dissolution of the W. Alton Jones Foundation) to vastly extend the functionality of ebase using a "python plug-in" that he has written. A final example is the documentation of the email functionality built into ebase used in the context of internet organizing being written by and for the Colorado Environmental Coalition. All of these efforts will produce code and documentation that is then freely contributed back to the ebase community and supported with the core application on the ebase Community Support website.

TechRocks will continue to engage these consultants and trainers in the further refinement of ebase to make it more accessible and user-friendly to organizations wanting to adopt ebase. TechRocks' role will be primarily to support these efforts and look for additional opportunities to develop the community of ebase developers. There is a long list of feature requests that we will organize developers to address, by helping to clarify the specifications with end users and

translate those specifications to the people actually doing the code.³⁷ We will also coordinate documentation, quality assurance and the integration of the code into the core application. TechRocks will build the installers, and release new version of ebase on a quarterly basis.

Finally, TechRocks will look for opportunities to integrate ebase functionality with other products and services targeted at the nonprofit market. For example, TechRocks has entered into a partnership with Groundspring.org to make ebase and Donate Now, their flagship product, work together for the benefit of our mutual customers. Our partnership is to co-promote each other's products, and we have shipped ebase since May with a pop-up promotion of Groundspring.org. More importantly, we have created an ebase module that automatically brings data about donations made through Donate Now into ebase, integrating donation data with other data that exists in ebase. No more manually entering online payment information into ebase!

N. Specialized Support for ebase Developers

A key role for TechRocks staff is to explain to developers the processes that led to the ebase code as reflected in FileMaker. Rather than explain each process on an *ad hoc* basis, TechRocks will develop documentation about the internal structure and processes of the application. In addition to specialized training (Level 4), the ebase developer community needs documentation about the ebase data structure, data flow procedures, navigation techniques, and better explanations of field uses, data relationships, layout/report utilities and script functions.

Documentation that will be developed for new and novice developers includes:

- Internal documentation of ebase code to guide new developers' understanding of internal processes. ebase code itself needs to be reviewed to ensure that all of the scripts are adequately "commented out." Part of this process is making the internal code more consistent, and ensuring that it conforms to community established standards³⁸.
- Complete documentation of naming conventions, programming protocols and techniques used, internal abbreviations, and a glossary of ebase terms and concepts.
- ebase needs a comprehensive data dictionary and a method for explaining the programming "hooks" built-in to the ebase core modules. While there are automated tools to assist in field, script and relationship documentation, the automated tools only provide information on structural aspects of these items, not their intended "real world" function. We will use these tools to assist in the process of documenting the internal structure of ebase.
- Understanding the components does not translate into understanding the program. We need to produce flow charts illustrating data flow procedures to help new programmer understand the internal data flow logic without having to do extensive reverse engineering of ebase code. Examples of procedures that we will document include login / security functions, the menu system, the address entry system, the import tools, export

³⁷ We publish this list of feature requests (and bug reports) on the ebase website for all registered users to see. The list is live (i.e., updated automatically as bugs are reported and features requested), and can be found at <http://www.ebase.org/community/PublicMembers/wiplong.lasso>. Note that you need to be a registered user of the ebase Community Support website to access or add to this list.

³⁸ Documentation that everyone downloads with ebase includes *ebase Developer Documentation*, <http://www.ebase.org/documents/DeveloperDocs.pdf>, a short description of the conventions to be followed for naming tables, fields, layouts, scripts relationships and other attributes in ebase files. This serves as an example of the kind of documentation, and level of detail, that needs to be created for developers.

and report procedures, the "item add" functions, and the email out and in procedures, to name just a few.

In addition to developer documentation, ebase needs extensive, and more specialized, task-oriented documentation targeted at advanced users (such as database administrators) on:

- how to approach complex import problems;
- how to use the email functions for both communications and data exchange purposes (for example, a group can use the email in function to de-dupe a variety of lists and create a single database out of a myriad of databases);
- the process of adding a new functional module (which includes interface and navigation conventions, how to add menus, techniques for adding internal "hyperlinks" between modules, among others);
- reporting techniques (ranging from how to create/modify existing report templates, to how to create new reporting modules); and
- how to use Log items to "join" ebase to external applications (using email, import/export, or XML as the data exchange mechanism).

We anticipate that documenting ebase "internals" could be as time consuming as the coding itself, especially as the documentation is aligned across all platforms. But without the documentation, the extensibility and portability of ebase code will be limited by the skill (and perseverance) of the developer community.

As the code for each platform is improved, we will strive to synchronize the introduction of new features so that they are available to all ebase users, regardless of the underlying database platform. Coordination of this activity will be online, using a web site that has already been initiated by several ebase developers, <http://developers.ebase.org>. Again, our role is to support the community of developers, on whatever platform, and because they wanted a site that had more functionality to support cooperative code development than TechRocks could provide, we decided to support the creation of an independent yet linked community site.

VI. Program Evaluation

In addition to financial milestones outlined in the next section (ebase sustainability Plan) there are several program metrics that TechRocks will measure (using ebase, it is the database behind our website) to ensure that it is accomplishing its objectives:

- growth of organizations downloading ebase, overall as well as segmented by TechRocks' target market, to ensure that market penetration is being achieved by direct marketing;
- growth of organizations joining the ebase Community Support website (again segmented);
- growth of organizations renewing their membership in the ebase Community Support website (upon one-year anniversary, a key measure of actual value);
- growth in the number of certified nonprofit database administrators (DBAs); and
- growth of organizations receiving professional, high-touch technical support services from certified ebase user groups, trainers, consultants and developers.

We will conduct an evaluation of why downloaders do *not* use ebase. The vast majority of downloaders do not actually adopt ebase, and we want to know why. Of course, there are many reasons that will be beyond our control, but we want to know the factors that we can do something about. We will conduct an email survey approximately 1 month after an organization that downloads ebase if they have not yet registered their use of the software on the ebase Community Support website.

Furthermore, we will attempt to measure the effectiveness of the ebase Community Development program by measuring the increase in civic engagement capacity in the groups that use ebase. Nonprofits do not normally have metrics to monitor their progress in this area, and TechRocks, through ebase, is in a unique position to help define these metrics for organizations.

We will engage the community to help us design the organizational metrics and benchmarks, as well as a methodology for measuring progress toward reaching and exceeding benchmarks. We will focus on one key metric, the number of civic engagement interactions between and among people represented in ebase, interactions that were facilitated through the use of ebase. A number of factors could be involved in the metric, including number of citizens represented in the application, the number of interactions with each citizen, the level of engagement of each citizen in organization's programs, etc. The result will be a Civic Engagement Index for each person in the database, and aggregated data can be analyzed for each organization and across the ebase user community on an annual basis to ensure that the Civic Engagement index is rising. Once there is community consensus on these metrics, we will develop tools and techniques in ebase to actually track the basic data. This functionality will be released as the major feature in ebase 2.2.

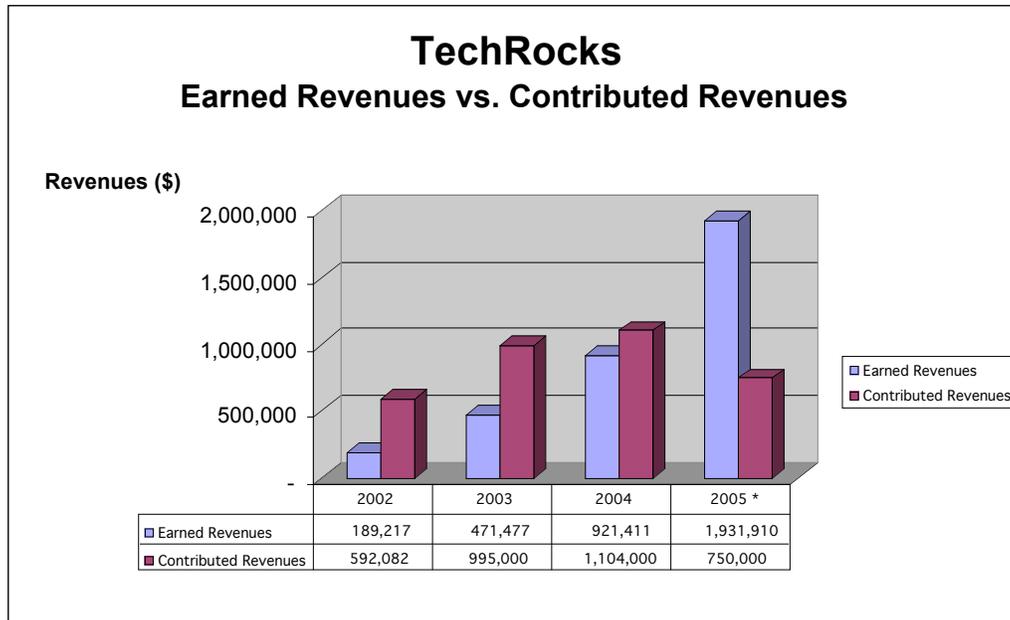
Additional organizational metrics will be established, primarily through TechAtlas, where such key attributes such as the level of investment in information technology can be tracked over time.

Finally, we will engage an evaluation consultant to conduct an independent evaluation of the ebase Community Development program, at the mid-point and at the end of the proposed three-year program. The consultant will be engaged early in the first year to set appropriate expectations as the program evolves, as well as assist in the development of the civic engagement and organizational metrics mentioned above.

VII. ebase Sustainability Plan

Sustainability Goal

To increase TechRocks' reliable earned revenues from 24% to 72% of its overall income within three years, up from \$190,000 (projected) in 2002 to almost \$2 million by year-end 2005. This earned revenue growth is dependent on contributed revenues of \$2.6 million during same period. Our overall financial projections³⁹ detail this income evolution as follows:



This organizational growth means that less donor funding will be needed by TechRocks – down from 76% of overall income in 2002 to 28% by FY 2005. Reaching this milestone will bring TechRocks to the threshold of operational self-sufficiency by year-end 2006.

A. Primary Strategies

Funding from leading foundations will empower three primary revenue engines to leverage TechRocks’ deep technology knowledge, and its established nonprofit network, to drive wider adoption of its Community Relationship Management software, ebase:

- **Online Community:** Build a scalable, interactive community platform that promotes, distributes, supports and sells ebase products and services to domestic (then international) organizations at low cost in exchange for annual membership dues.
- **On Land Community:** Expand our network of qualified consultants and trainers to advocate and implement on-the-ground ebase integrations, trainings and tech support in exchange for fees on tuitions, certifications, referrals and consulting services.
- **Research and Development:** Syndicate the cost-effective development of tech innovations that assist national umbrella clients in serving their member organizations

³⁹ TechRocks 2001 audited financials and 2003-2005 Projections can be found in Appendices A-D.

while also extending the ebase platform and markets for its revenue-generating products and services.

B. Key Factors For Success

Cut Overhead Costs to Minimum:

In response to the technology funding bubble burst, recession and 9/11 as well as TechRocks' foundation funding – down from \$1.86M in FY 2000 to \$1.36M in FY2001, and only \$600K anticipated in FY2002 – TechRocks has “right sized” its staffing, overhead and operations:

- Staff reduced from a one-time high of 22 full-time employees to eight core now.
- Closed its Philadelphia and Washington DC offices. Target markets are SF and NY.
- Burn rate reduced from \$150,000/month one year ago to less than \$50,000/month now.

Deliver On High Quality / Low-cost Value Proposition:

As the third-most widely used nonprofit database software (behind Blackbaud's Raiser's Edge and SofterWare's DonorPerfect), ebase 2.0 is comparable or better in features⁴⁰, consistency and nonprofit fit, and several thousand groups now using ebase prove it.

Comparing the Costs of Ownership of ebase 2.0 (licensing, configuration, staff training, upgrades and annual support) with the four leading commercial software packages in the nonprofit market demonstrates that ebase will save mid-sized organizations a total of \$7,862 to \$28,133 during their first five years of usage, a savings of 36% to 67%.⁴¹

Demonstrate Sector-Wide Financial Savings:

For foundations, the potential sector-wide financial impact is significant. For example, since the average cost savings per organization of using ebase 2.0 over five years compared to the top four commercial competitive products is more than \$15,000⁴² each, and we can conservatively extrapolate that at least another 5,000⁴³ organizations will adopt ebase during the next five years, we believe we can generate a total potential financial savings for the non-profit sector of more than *\$75 million*.

Broaden User Base through Viral Marketing and Partnerships:

- Promote FREE ebase downloads through public portals like download.com and AllVersions.com to drive trial downloads from <10,000/year to >100,000/year.
- Promote FREE online TechAtlas tech assessments - up from 100 per year to 2,000 per year - to qualify more organization leads for TechRocks consulting sales.
- Leverage FileMaker partnership to increase marketing and sales contacts via their extensive networks. Develop partnership with Microsoft for ebase on Access.

⁴⁰ See <http://www.ebase.org/about/featurecomp.htm>.

⁴¹ See *Cost Of Ownership Comparisons* - Appendix E.

⁴² "Average savings per organization" is derived from ebase 2.0 Costs of Ownership estimates during a five-year period with a cost savings range from the two top competitors for \$7,862 - \$28,133. Though the median cost savings is actually \$20,271, we use a more conservative number \$15,000.

⁴³ Because TechRocks' Strategic Conversions Analysis estimates that the ebase.org Community will most likely have 2,648 paying members by year-end 2005, growing at a rate of more than 400 new members per quarter, a straight-line extrapolation means active ebase users would likely total more than 6,000 by 2007. We use a more conservative number of 5,000 members for the sector savings calculation above.

- Leverage existing NPower, TechSoup, Groundspring.org and Fund for City of New York partnerships (and others) to contact nonprofits more often with targeted ebase offers.
- Enable credit card sales of online products, services, memberships and trainings for English-speaking users in North America and then internationally.

Drive Recurring Earned Revenues with Mileposts:

a. Focus on Passive, Recurring, High-Margin Revenues:

- Bundled Software sales: \$185,000 projected by year-end 2005 (7% of all revenues).
- Support Site Memberships: \$290,000 by year-end 2005 (11% of all revenues).

b. Grow Medium-Touch, Mid-Margin Services

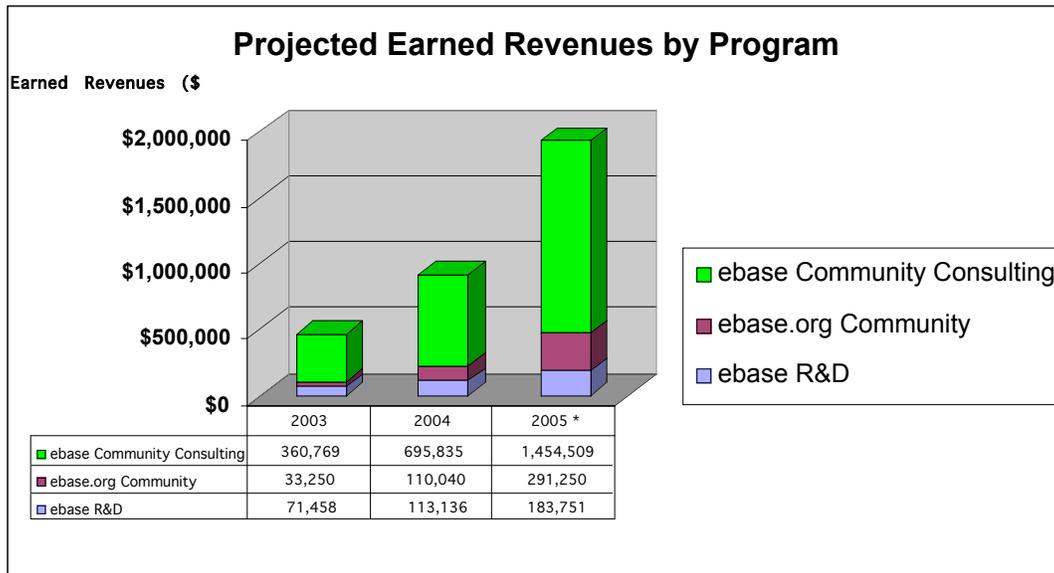
- Training (Classroom and Online): \$310,000 by year-end 2005 (12% of all revenues).

c. Manage High-touch Services towards Increasing Profitability:

- Strategic / Tech Consulting increase to 40% of all revenues by FY05;
- Annual Growth > from \$64,000 loss on earned revenues of \$246,000 for FY03,
 - > to \$48,000 loss on earned revenues of \$441,000 for FY04,
 - > to \$106,000 profit on earned revenues of \$1.1 million for FY05.

d. Foster Client-Driven Technology Development Funding:

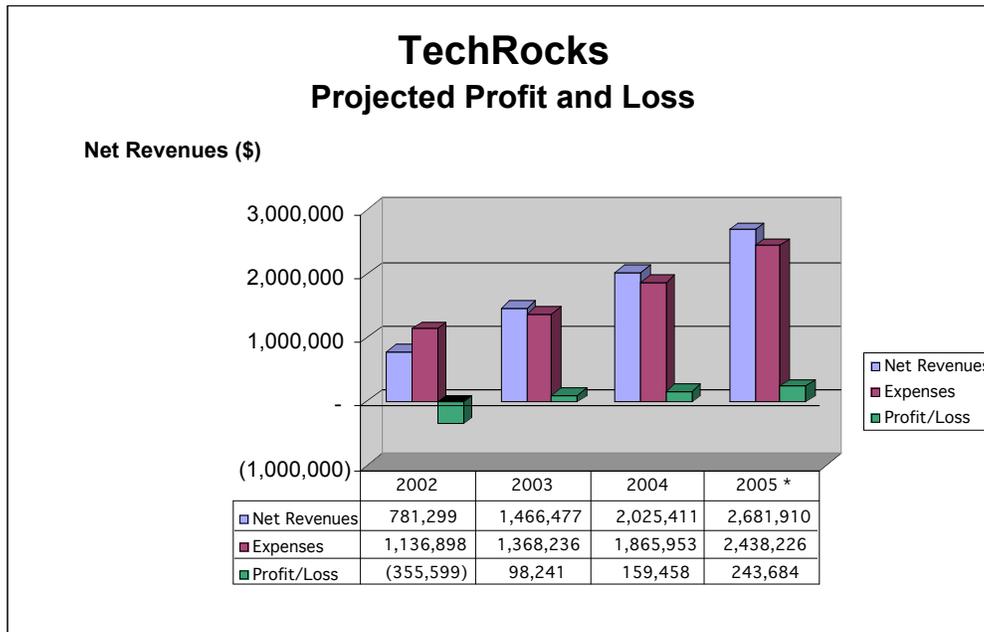
- Facilitate Fund For the City of New York's programming of ebase 2.0 version for Microsoft Access by Q2/03, and support new ebase for Access users on the ebase Community Support website for annual membership, training and product bundle fees.
- Syndicate funding for development of ebase for OpenACS with six national clients (at ~\$30k-\$60k each) to defray the direct costs of prototype development for this enterprise level application that can provide significant, long-term ROI.



Increase Profitability:

By scaling back overhead costs to the minimum, delivering high-value products and services to much broader markets, and focusing on recurring, high-margin revenues, TechRocks can earn an overall net profit margin of 9% by year-end 2005. This bottom-line orientation means that

TechRocks can also be cash-flow positive within one year and close to self-sustaining within five – given adequate foundation seed funding and major donations early in the next 36 months.



Real Time Financial Accountability / Projections / UBIT:

TechRocks now operates on a real time accounting system that allows it to close its books on any given payroll or month with in 48 hours. Our 2001 audit is completed and available, and the 2002 audit will be done by March 31, 2003.

Our 2003-2005 financial projections cover planned operations for a 36-month period based on audited 2001 financials; strenuous 2002 budget vs. actual results; and detailed market, conversion and breakeven⁴⁴ analysis, all using Generally Accepted Accounting Principles. The projection summaries that are visible are accumulated from 50+ worksheets (for each year, all available as Appendices) of conservative assumptions, sector benchmarks and extrapolated data.

Having verified with legal council and CPAs that TechRocks' product and services earned revenue streams are core operations which are clearly aligned with our 5 year-old mission statement, we are confident that tax issues related to Unrelated Business Income Taxes (UBIT) will not arise during the next three years.

Social Entrepreneurial Management:

Having generated increasingly more of its annual budgets from earned revenues – up from 0% in 2000 to 24% projected for 2002 – TechRocks is becoming a hybrid “social enterprise.” This requires financial and operational discipline from a more diverse management team blending

⁴⁴ Breakeven analysis in each of our program areas is our bottom-line feasibility tool for determining the number – such as paying members or number of units sold – at which we neither make nor lose money in producing a product or delivering a service, i.e. we break even. We do this by first determining how much it will cost to provide these products and services by identifying fixed overhead costs and variable costs per unit at different production volumes. The breakeven points are a key factor, along with market research, for setting our minimum standard prices to generate net earned revenues.

philanthropic aims with market deliverables, partnering with nonprofit colleagues and for-profit companies, and managing growth in a financially sustainable and independent way.

To that end, we've initiated the final process of organizational incubation – a spin-off from our parent organization, the Rockefeller Family Fund – with modest financial support from RFF. TechRocks will become a separate 501(c)(3) [a “publicly supported charity” 509(a)(1) determination], still incorporated in New York State. Our determination is pending at the IRS.

TechRocks is reconfiguring its Board of Directors to be smaller, more available, and more fundraising, technology and business-oriented (in that order). A new Advisory Board is being built to attract more operating expertise, contacts and credibility. We have also added management staff with decades of for-profit entrepreneurial experience as well as degrees in economics and business. Poised with a core team of eight experienced and committed managers, we will take advantage of the current labor market to grow staff at 50% annually.⁴⁵

A comprehensive *Strategic Operations Timeline*⁴⁶ helps to align TechRocks' deliverable mileposts during the next three years in terms of downloaders, customers, revenues, funding, staff, and R&D. This quarterly performance-tracking document will be updated and circulated regularly to engage our Boards, funders and partners, as well as to keep TechRocks management on track.

C. Primary Risk Factors

Users Paying For A Tech Support Member Website That Can Also Be Profitable:

An ebase user survey conducted in January 2002 showed that 66% of the respondents, with annual organizational budgets averaging \$870,000 each, would be willing to pay an average price of \$80.45 for “ebase 2.0 software (one license per org) that includes existing but limited online tech support services, but with add-on charges for regular upgrades and phone support.”

Since May of 2002, TechRocks has been requesting donations in the \$35 to \$125 range from its registered users in return for access to the many resources the ebase technical support site. Positioned as “KickStart” memberships for one year, almost 200 voluntary donations averaging just over \$50 each have been received with increasing frequency.

In January 2003, we will up the ante by increasing the online services delivered, the controls on access to them, and increased annual membership prices on a sliding scale from \$50 to \$250. Clearly communicating the additional membership benefits, adding monthly payment options and promoting the release of ebase v2.1 “Easy Start” well in advance will be key to making this a successful transition from a free to a subscriber community. TechRocks financial projections show breakeven for this model's earned revenues given memberships of \$50 to \$250 as approximately 2,648 members in 2005.⁴⁷

By way of a comparison, one successful open-source developer whose community membership model we plan to emulate is "Mandrake Linux Users Club." Their rollover from an absolutely free to remarkably low-cost memberships in October 2001 yielded \$430,000 in revenues during

⁴⁵ See *Management, Board and Advisors Bios* - Appendix H.

⁴⁶ See Appendix I, *TechRocks Strategic Timeline*.

⁴⁷ See *Program Breakeven Analysis* - Appendix G.

its first six months⁴⁸. Mind you, the Linux user base is exponentially larger than that of ebase at present, but the value propositions and community conditions for this model are remarkably similar. Mandrake's former CEO, Henri Pool, has also joined our Advisory Board for guidance.

Attracting Qualified ebase Members To Drive Open-Source Tech Development:

In addition to its public support membership website, the continuing development of ebase is driven by the ongoing involvement of more than 300 volunteer nonprofit staff, database developers and nonprofit technology professionals – key members of the the ebase community – who helped build ebase 2.0 during three earlier versions over two years. Hundreds of nonprofits have also participated in our public beta test and quality assurance processes. This approach insures the best fit of ebase products and services for nonprofits as well as significantly reducing the costs of software development, tech support, training, distribution and marketing.

The next tangible result of our ebase open source development community will be ebase 2.1 “EasyStart,” a more user-friendly version planned for release in Q1/03. This version will provide more templates, reports and sample code sets, as well as more illustrated documentation to make its use and adoption easier.

The primary forum for this ongoing exchange is the ebase Developer's Studio already in use at: <http://developers.ebase.org/> Here, registered professional consultants, trainers and developers who use ebase to generate their own revenues from nonprofit clients, can also gather consulting leads, share client codes sets, download beta software modules, and cooperate in collaborative projects. Integrating this functionality into our new consolidated web platform in Q3/2003 will allow the ebase team's unique tech organizing expertise to be most productive and cost-effective.

Competing With For-Profit Technology Companies and New Lower-Priced Products:

We anticipate that marketing our cost of ownership comparisons of the top four competitive products (Raiser's Edge, DonorPerfect, Exceed!, Convio, eTapestry) – where ebase saves mid-sized nonprofits \$7,862 to \$28,133 (36% to 67%) over five years – and increased ebase adoption rates will elicit strong counter-moves from our competitors.

To prepare our marketing, we are building our database resources and email lists (now 27,000 names) for consistent targeted e-communications. We are ramping up our nonprofit and for-profit marketing partnerships with the cost of ownership data and success stories. We will also commission third-party case studies to defend our numbers. And finally, we'll develop a branding effort for late 2003 to distinguish the advantages of our product development community, nonprofit services and reduced costs.

In product development, the modular product lines and pricing structures of our major competitors can certainly be repackaged or re-developed into lower-priced "lite" versions to compete with the ebase cost of ownership advantage. But because those companies rely on ROI-driven risk capital, we believe that we can still maintain a high market penetration and healthy profit margins for the lowest end of their target markets: nonprofit organizations with annual budgets of \$250,000 to \$5 million.

⁴⁸ See details of their experience at: <http://www.mandrakelinux.com/en/club/>.

TechRocks' ability to maintain ebase's considerably lower costs of development will be even further accrued across other platforms and installed user-bases of FileMaker, Microsoft's Access and OpenACS during the next three years.

Nonprofit Reluctance To Invest In Integrated IT and High Price Sensitivity:

As foundation funding becomes scarcer, and demonstrating the effectiveness of nonprofits becomes more critical, the proven leverage of technology to increase productivity is the best bang-for-buck solution available to grant makers and grant seekers. TechRocks has cost-effective tools to assist *both* groups in using technology for results:

- *TechAtlas*, our free online technology assessment tool, developed with NPower, makes the planning and grant preparation process easier than ever. It also acts as TechRocks primary consulting services sales lead generator for earned revenues.
- The *ebase ROI Calculator* will be developed online to estimate comparative savings using ebase vs. traditional methods of fundraising, donor contact, volunteer management and newsletter communications. A competitive *Cost of Ownership Calculator* will also be developed.
- *ebase 2.2 with Metrics Tracking* will be developed by our nonprofit community for Q1/2004 to automatically measure and report organizational outcomes.

Bottom-line: The highly price-sensitive nature of the nonprofit technology market is a consistent challenge for all the technology solutions competing for clients. But the need has never been greater, the nonprofit market larger, or the ebase Cost of Ownership Advantage any better.

Current Foundation Willingness to Fund Sector-wide Technology Development:

Having survived the technology stock bubble burst, and the shrinking asset values and grant amounts of several large technology-oriented foundations, TechRocks and ebase offer unique funding value for foundation leaders. Not only are we survivors, but we believe that our team, technology, business models and nonprofit network will now attract more sophisticated technology and social enterprise-oriented funders who are looking for major measurable financial and social returns on their investments.

So, having lessened many significant risk factors impeding TechRocks' potential in the past, what we are now seeking is foundation visionaries to believe in our \$75 million sector ROI opportunity, invest deeply in it, and rally other leaders to these sector changing programs.

D. Breakeven Scenarios

To better evaluate the financial viability of the ebase Community Development Program, each of the three major Objectives are further detailed below with more tactical financial analysis to substantiate our case for overall sustainability.

Objective 1 - ebase Community Support (Low Touch)

The development of the ebase Community Support platform is the core of our low-cost, low-touch services strategy. The principal member revenue generation process will be to:

- engage mid-market nonprofit managers with our freely available ebase software;
- convert them into paying annual members in our affordable online technical support community; and

- up-sell members with add-on products (CDs, upgrades, modules, data) and services (tech assessments, training, data conversions) that meet their organization's needs.

Our marketing methods are outlined in the program narrative for the more than 65,000 nonprofits that we've determined to be in our primary target market (defined as 501(c)(3) nonprofits that files 990s, with annual budgets from \$250,000 to \$5,000,000, meet a broadly compatible social mission criteria, and are IT ready). This target market understands well the low-cost membership model, and that community groups must charge fees to serve members and to sustain the organization.

We will institute a sliding scale of membership levels to allow for the most payment flexibility and perception of fairness by customers. The price points are weighted to average at least \$70 annually per member in 2003, \$95 in 2004, and \$100 in 2005. The prices are also weighted to make longer-term discounted commitments attractive to users and to increase cash flow to TechRocks. By the end of 2005, each member will also purchase an average of \$16 per year in additional products and services.

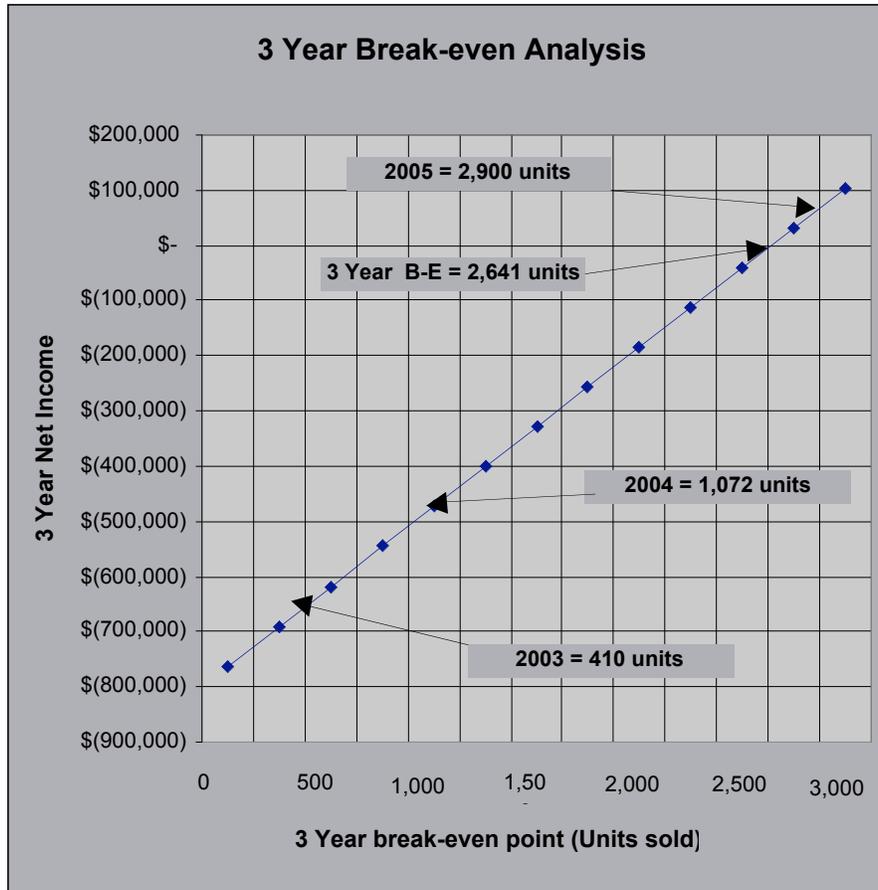
Based on our website results so far for converting website browsers into downloaders, and downloaders into registered users into "KickStart" members, we've calculated the most likely (base case) scenario for the ongoing conversion rates of nonprofits that will become paying members in our ebase Community Support website (see *Strategic Conversions* calculations in Appendix F). At conservative conversion rates of 0.05% percent⁴⁹, we project 2,648 paying ebase Community Support members generating \$314,000 annual revenue by year-end 2005.

Membership Community Support Breakeven Analysis:

Our breakeven analysis assumes fixed costs of approximately \$760,000 over the next three years, which includes personnel costs, travel, telecommunications, rent, and an overhead allocation.

The chart below shows that TechRocks needs 2,641 memberships on average each year to breakeven, according to the above assumptions. The current operational projection of 2,900 memberships by the end of 2005 is above that breakeven point.

⁴⁹ Website Conversions: Base Case = 25% of visitors will download ebase, 15% of downloaders will become ebase users, and 14% of ebase users will become paying members of the ebase Community Support website = 0.05% percent.



Objective 2 - ebase Consulting, Training and Phone Support Services (High-Touch)

TechRocks’ consulting services and training are already core competences and proven earned revenue streams that have risen from 0% of all income in 2000 to 17% in 2001, and an estimated 21% in 2002. With adequate ramp-up funding, these essential ebase expansion services can become 54% of all organizational income by year-end 2005, driving more than \$1.4 million in booked revenues.

ebase consulting and training services are essential because they:

1. bridge TechRocks’ low-cost software to the needs of many nonprofits for some customization in a distributed-cost way to maintain lower costs of ownership;
2. ensure that the best nonprofit practices and the database code sets reflecting them are incorporated into software updates shared with the overall community;
3. serve as an effective marketing strategy for long-term growth due to the relationship-orientation of the nonprofit sector; and
4. keep the development costs lower than for our for-profit competitors.

However, being mindful of the challenges of generating a million-dollar cashflow-positive consulting practice in three year’s time – starting with our current team – the following cost-efficient strategies will foster *profitable* earned revenues:

1. Training:

A TechRocks' strength and a well-funded commodity in the nonprofit world, trainings are the best leverage of our limited resources for the transfer of ebase knowledge to as many users, Executive Directors, DBAs, professional consultants and developers as quickly as possible.

Having developed curricula for two out of four planned levels of lab trainings, our increasingly frequent classes are now full and profitable on a class-by-class basis. Our analysis shows that by conducting an average of 3.3 training days per month (See Appendix G, *Breakeven Analysis*), we also surpass breakeven on an organizational basis. We are starting monthly 2-day training sessions in New York and San Francisco in Q1/2003.

Using the internet and teleconferencing, online trainings provide a lower cost, yet effective distribution method than TechRocks now offers in consulting engagements outside major metro areas. Our classroom curricula and other materials are being adapted for regularly scheduled online trainings at reasonable session fees on the ebase Community Support website. These web materials have also be repurposed for targeted online demos and marketing content. This combined approach expands the geographic appeal of ebase skills transfer at attractive user prices with low marginal costs to us.

Our consulting staff will also develop and implement professional level trainings and certification paths for independent technical assistance providers and trainers to service their own markets with ebase. These qualified independents would then also be available to sub-contract with our staff and provide remote consulting services in win-win arrangements. While we have discussed general contracting, work-for-hire and licensing schemes with our network of circuit riders, we have not developed specific revenue models for these higher-level trainings. Research indicates that competitive fees for comparable trainings and certification paths can be quite profitable.

2. ebase Strategic and Technology Consulting Services:

Our “Strategic Consulting” is the on-the-ground, client-oriented, implementation service that can be scaled more readily with tech-savvy consultants now available in the labor market. “Technology Consulting,” on the other hand, by the two creators and programmers of ebase, is a limited resource that must be well leveraged.

Yet delivering our direct consulting services with this minimal and unsupported staff, (currently two FTEs, spread over four people), is far from a breakeven proposition now. Unless significant program grants are invested, we are clear that our capacity can only grow very slowly, when customer demand is sufficient (demonstrated by paying contracts), or when foundations subsidize the delivery of service to a group of selected clients.

The good news is this critical expansion strategy has the potential to breakeven within two years, with a total of ten FTEs (8.5 FTEs revenue driving plus 1.5 FTEs for support) on a lean budget of \$300,000 in fixed costs. While we currently charge \$100 per hour for both levels of our consulting services, and believe the market will bear higher prices for our ebase Technical Consulting, the challenge is to maintain levels of billable time in excess of 50% (optimally up to 70%) of allotted consulting time to cover employee overhead and support staff costs. A time billing process is already established at TechRocks.

Most important, this breakeven team of ten provides the bi-coastal management structure for sub-contracting out significant portions of local implementation work through our growing

network of ebase qualified yet independent tech assistance providers. Our general contracting strategy, described in detail in the body of the ebase Community Development proposal, enables incremental contract work at much lower costs per billable hour; i.e., Average Margin Contribution per FTE grows significantly in 2005 – based on \$360,000 of fixed costs for 11.41 consultant FTEs and 2.8 support personnel. The 2005 model spins off an average of \$11,500 per FTE year, or more than \$160,000 net income per year, and allows this program to become essentially self-sustaining.

While one-to-one email or phone tech support are often in high demand, and might be actionable as lower level consulting services, both are well documented in the software industry as very difficult to make self-sustaining, so many companies are now charging by the minute. We will explore revenue and profit/loss models for providing these services⁵⁰.

3. TechAtlas Marketing:

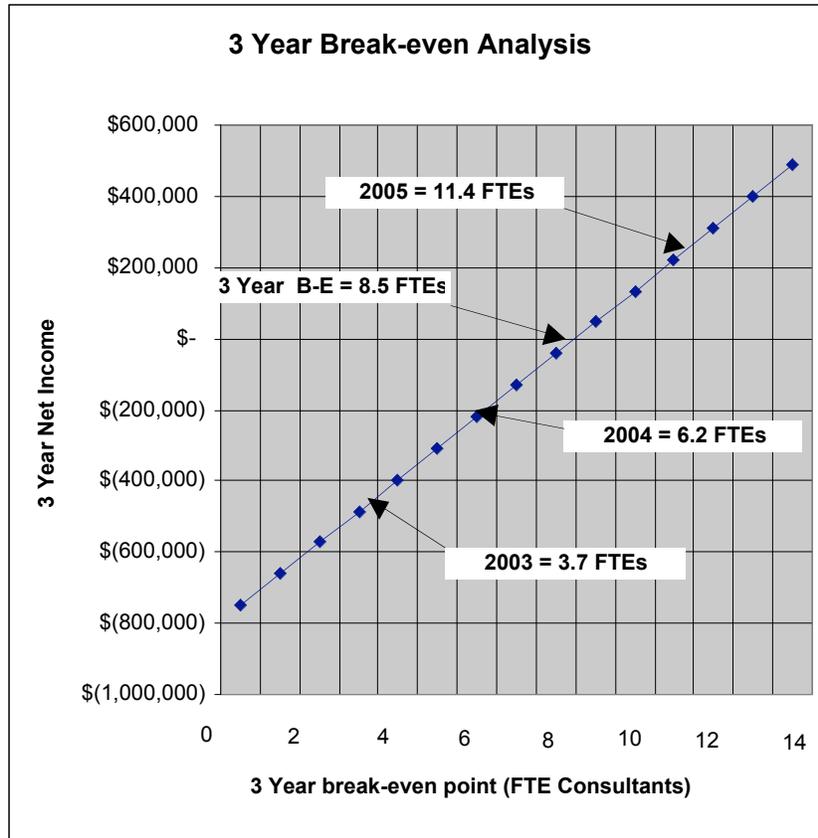
While the primary target market for our consulting services will be up-selling customers members from our ebase Community Support website (Objective 1), our TechAtlas online technical assessment engine will also be used in attract, qualify, prospect and close consulting contracts. Launched and refunded in 2002, more than 250 nonprofits have self-qualified their organizations for consulting potential with little incremental costs to TechRocks. Targeted marketing of this free resource is estimated to generate more than 1,000 qualified leads in 2003 and double that in 2004.

ebase Consulting Services Breakeven Analysis:

This breakeven analysis assumes fixed costs of approximately \$750,000 over the next 3 years which includes personnel costs, travel, telecommunications, and rent related to the FTEs for consulting management, support and an overhead allocation. The average annual revenue per consultant is assumed to be \$82,946 with average direct costs per consultant per year assumed to be \$53,504 based on the current base case assumptions.

The chart below shows that TechRocks will need 8.5 consultants on average each year to break even, according to the above assumptions. The current projection of approximately 11.4 consultants in 2005 is above the breakeven point.

⁵⁰ See Financial Projections 2003-2005 Detailed Spreadsheets: Strategic Consulting Analysis, Technology Consulting Analysis, Lab Training Analysis, Phone Support Analysis - Appendix B-D.



Objective 3 - ebase Platform Research and Development

The primary purpose of the ebase research and development effort is cost-effective innovation to drive further organizational effectiveness and cost savings across the nonprofit sector.

The current ebase product extensions of an "EasyStart" version for FileMaker, ebase 2.1, and a new version for Microsoft's Access, are being designed to gain market share, increase member revenue and accrue our low research and development costs across more users. And because enterprise-level solutions would better serve umbrella organizations, dramatically increasing our economies of scale, we believe a client-cooperative research and development program will also help make all of TechRocks' sustainability strategies more feasible.

Many larger nonprofits need a more scalable web application for Customer Relationship Management (CRM) they can operate in-house or access as a hosted service so they can integrate with their content management system. Also, many umbrella nonprofits that can afford limited technology development want to offer these services to their affiliates, which may each be spending excess on parochial databases that cannot be coordinated or centrally maintained/upgraded. By integrating the needs of several leading umbrella organizations into a tested solution, TechRocks will be able to develop a solution – ebase Enterprise – that is commercial quality and deployable by other umbrella organizations or by Application Service Providers (ASPs), such as NPower's ChangeFrame.

So, as part of our ebase Community Development Program, we will ask major membership organizations to jointly develop functional and technical specifications for the application, and contribute \$5,000 to \$10,000 each to engage consultants to develop the technical specification

and RFP. Once a software development firm is selected to build the application, each partner will be required to contribute between \$25,000 and \$50,000 to build the application to the common specification. Only TechRocks portion of these fees are reflected in the projections, as we are sharing overall development costs with other partners. Partnerships currently being developed include (confidential listing):

1. Women's Funding Network (WFN): to help local affiliates better manage donor data;
2. National Abortion Rights Action League (NARAL): to help local affiliates better manage membership and activist data;
3. Audubon Society: to help local affiliates better manage membership and activist data;
4. IBM Foundation: to help Teaming for Technology affiliates in seventeen cities build database capacity for health and human service agencies;
5. Verizon Foundation: to partner with IBM to host ebase Enterprise for Teaming for Technology affiliates;
6. NinthBridge: to include in their tool bag for international circuit riders;
7. National Associate for Choice in Giving (NACG): to help their affiliates better manage donor data.

Foundation financial support for TechRocks leadership participation in this partnership will result in a deployable solution for contributing partners, each one getting application development at a fraction of the cost by year-end 2003. (See *ebase Enterprise Syndication Model* - Appendix L).

VIII. Financial Syndication Strategy

Over the next three years, we estimate that \$2.6 million in foundation funding and major gifts will allow TechRocks to accomplish the three primary objectives outlined in this proposal as well as putting TechRocks on a path to financial self-sustainability.

Since we believe we can deliver measurable financial savings for the nonprofit sector in excess of \$75 million over the next 5 years, the \$2.6 million in seed capital that we seek has the potential impact of almost 30 times its face value – an ROI of 30 to 1. In addition, our Social Return on Investment (SROI) includes increased organization effectiveness, civic engagement with groups representing 20 million people, and TechRocks' successful social enterprise model.

Requested Lead Foundation's Role:

Generating this long-term national benefit will require the vision and commitment of philanthropic leaders to syndicate the necessary multi-year funding. While new tech-savvy foundations are looking for such “signature investments” and are likely participants, we believe an acknowledged foundation innovators would be best able to lead this high-profile syndication opportunity because they can actively advocate for our ebase Community Development program across several sectors, including.

A. Social Enterprise:

Engage donors who are in alignment with our technology *and* social mission, and see the need to capitalize the TechRocks' opportunity for sustainable earned revenue streams. Major foundations being approached in this strategy include Kellogg Foundation, Omidyar Foundation and Skoll Community Fund.

B. Organizational Effectiveness:

Engage partners that recognize the opportunity that ebase provides to make it easier for nonprofits to formalize and measure their organizational processes using technology, and thus increase their effectiveness. Major foundations being approached include Surdna Foundation, Carnegie Corporation, SBC Foundation, IBM Foundation and Siebel Foundation.

C. Civic Engagement:

Engage partners willing to invest in high-touch consulting to upgrade the tech capacity of groups involved in civic engagement campaigns (involving people in democratic processes to improve their communities). Funders being approached include AOL Time Warner Foundation, Charles Stewart Mott Foundation, Rockefeller Brothers Fund, Open Society Institute, Ford Foundation, Gill Foundation and William Randolph Hearst Foundations.

Lead Foundation Ask:

TechRocks is requesting that a Lead Foundation initiate our fundraising syndication effort by committing to invest 20% of total contributed revenues, equal to \$200,000 in 2003, \$200,000 in 2004 and \$100,000 in 2005.

Total Funding Required For Each Objective:

Balancing our realistic operating cost estimates with our projected earned revenues over the next 36 months, TechRocks' funding timetable by Program Objective is below with required capital amounts in **bold**:

Program Expenses w/ Allocation of G&A, Capital Costs - Earned Revenues w/ Account Receivables

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Total</u>
Objective 1. ebase Online Community				
Total Program Expenses	\$ (281,600)	\$ (351,945)	\$ (378,905)	\$ (1,012,450)
Allocation of G&A (20%)	\$ (66,913)	\$ (65,465)	\$ (65,113)	\$ (197,491)
Capital Costs	\$ (30,000)	\$ (22,000)	\$ (9,000)	\$ (61,000)
Earned Revenues	\$ 33,250	\$ 110,040	\$ 291,250	\$ 434,540
Total Objective Ask:	\$ (345,263)	\$ (329,370)	\$ (161,768)	\$ (836,401)
Objective 2. ebase On Land Community				
Total Program Expenses	\$ (466,801)	\$ (746,698)	\$ (1,204,023)	\$ (2,417,522)
Allocation of G&A (19%)	\$ (110,920)	\$ (138,893)	\$ (206,906)	\$ (456,719)
Capital Costs	\$ (46,000)	\$ (32,000)	\$ (17,000)	\$ (95,000)
Earned Revenues	\$ 360,769	\$ 695,835	\$ 1,454,509	\$ 2,511,113
Accounts Receivable YE Balance	\$ (180,385)	\$ (347,918)	\$ (727,255)	\$ (1,255,557)
Prior Yr Accounts Receivable YE Balance	\$ -	\$ 180,385	\$ 347,918	\$ 528,302
Total Objective Ask:	\$ (443,337)	\$ (389,289)	\$ (352,757)	\$ (1,185,383)
Objective 3. ebase R&D				
Total Program Expenses	\$ (204,604)	\$ (266,992)	\$ (282,048)	\$ (753,644)
Allocation of G&A (19%)	\$ (48,617)	\$ (49,663)	\$ (48,469)	\$ (146,749)
Capital Costs	\$ (28,000)	\$ (18,000)	\$ (16,000)	\$ (62,000)
Earned Revenues	\$ 71,458	\$ 113,136	\$ 183,751	\$ 368,345
Total Objective Ask:	\$ (209,763)	\$ (221,519)	\$ (162,766)	\$ (594,048)
TOTAL PROGRAM ASK	\$ (998,363)	\$ (940,178)	\$ (677,291)	\$ (2,615,832)

Summary of the Sustainable Funding Opportunity:

This opportunity to leverage TechRocks' demonstrated technological, operational and nonprofit networking prowess to generate significantly higher sector-wide productivity as well as a potential sector savings of \$75 million over the next five years is unique. That TechRocks can also become a self-sustaining organization in the process, as we help amplify the voice of thousands of nonprofits, is timely. Combine these factors with a possible financial ROI of 30 to 1 on the \$2.6 million in requested grants, and we believe this TechRocks' funding opportunity is particularly compelling.

IX. Appendices

- A. TechRocks FY2001 Financial Statements (audited)**
- B. TechRocks FY2003 Projections**
- C. TechRocks FY2004 Projections**
- D. TechRocks FY2005 Projections**
- E. Comparable Cost of Ownership Pricing**
- F. ebase Website Strategic Conversions**
- G. TechRocks 3-Year Breakeven Analysis Charts**
- H. TechRocks Team Bios**
- I. TechRocks Strategic Timeline**
- J. TechRocks Community Program Ask All Costs**
- K. Join the Mandrake Linux Users Club**
- L. ebase Enterprise Syndication Proposal**
- M. NPO Management Software**
- N. ebase v1 - v2 Comparison**
- O. TechRocks Balance Sheet 12-31-02**
- P. TechRocks Income Statement 12-31-02**