

Switching Payment Processors: Assessing the Impact on Your Sustainer Program

Convio knows fundraising is an essential component of your program strategy and your organization must be a good steward of those contributions. That's why Convio Luminate™ is an open platform, designed to give our clients choice so they can get the best rates for financial transaction processing and maximize the amount of each donation that directly funds their programs.

From time to time, an organization may decide to switch from one payment processor to another to better control their costs or to move to a more reliable vendor. Just as frequently, organizations review the full financial implications of switching processors – beyond just the anticipated savings – and decide a switch isn't worth the potential risk. Only your organization can decide what's best for you.

This document describes the way sustainer donations are securely processed, the effect of changing a processor, and offers several strategies for minimizing the financial impact.

How recurring gifts are captured and processed

Your donors deserve and demand professional-grade payment security practices. Taking payments through Luminate happens automatically in real-time while ensuring the security of constituent financial information. Luminate does not store complete credit or debit card numbers, or bank account data – not even for monthly gifts – because our payment processing solutions are both [PCI DSS](#) and [SAS 70 Type II](#) compliant. Non-compliant solutions may introduce risk to donor data via websites, payment transmissions, data storage, and personnel policies.



So how does Luminate process recurring transactions without storing any of the financial details? On the first transaction that initiates the recurring gift, we send all the required data from the donation form to the payment processor and get back a unique identifier for that transaction. By using this identifier, a secure reference number that is unique to the payment processor, the donor's information is never at risk. The payment processor stores all the data needed for processing subsequent transactions based on the schedule the donor intended. When it is time to process the next gift, we provide the unique identifier and the amount of the next transaction to the processor, and the payment processor does the rest of the work using the financial data that they have on file for the donor.

How recurring gifts are “moved” to a new payment processor

Because the secure reference numbers for sustainer gifts are unique to each payment processor, the only way to “move” a recurring gift to a different payment processor is to cancel the gift with the old processor and create a new gift with the new processor. To create the new gift, all of the billing details must be re-entered. There is no way to pick up all the sustainer information in one processor and import it into another. Since Luminare does not store credit card or bank account data in our system, we cannot offer an automated mechanism for migrating billing information. Organizations making the decision to change payment processors must re-engage their existing sustainers and ask them to re-enter their billing information or the future gifts will be lost.

Evaluating the change

Before making the decision to switch payment processors, Convio encourages clients to perform a cost-benefit analysis taking into consideration revenue lost from the sustainer migration versus expected savings and additional return on investment from the new payment processor. By doing this comparison, you might find that although a processor has lower per transaction fees, the total cost of switching makes the change less attractive. The only way to know what’s best for you is to carefully make the evaluation based on unique features of your program.

Although you will inevitably lose some donors as a result of a processor change, there are some things you can do to minimize the impact on your sustainer program. The first step is to establish a timeline for switching processors, based on financial calculations. You should also determine how much staff time or consulting fees you are able to invest in a migration strategy. Some important questions to consider include:

- Are all of the recurring gifts via a credit card? If so, what is the furthest out credit card expiration date?
- If you move 25%, 50% or 75% of your sustainers to the new processor, how much will you save in transaction fees in a given year?
- What is the average lifetime value of these donors to your organization?
- Does it make sense to only target sustainers giving over a certain amount?
- What is the typical response rate you get from efforts to engage your sustainers via other campaigns to upgrade their gift amount or update their credit card or billing information?
- What are the customer service ramifications of managing two systems simultaneously?
- At what point is it no longer cost effective to keep the old account open?

Craft a plan

Once you've established your timeline and budget, put together a careful plan for minimizing revenue loss and maximizing the anticipated benefits. Convio's Strategic Services team has pulled together these suggestions. These tactics are not mutually exclusive, and we recommend you use a mix of them depending on the specifics of your program and the level of effort you choose to undertake.

STRATEGY 1: COAST DOWNHILL

Although all new sustainers should be directed to a form that uses the new processor, Convio recommends you keep your old payment processor account open, at least for some period of time. It will continue to process monthly donations while you work to move donors over to the new processor. When the amount of revenue being processed through the old account isn't enough to cover the monthly cost, shut it down and re-solicit the outstanding sustainers.

For organizations with only credit card gifts to move, this could actually be the only strategy. Expiration dates provide a useful forcing mechanism for getting donors to re-enter their gift and card information. Depending on the difference in rates between your old and new processor, however, you may have a financial incentive to speed up the process.

STRATEGY 2: MAKE LEMONADE

You can reduce the financial impact to your organization of losing some sustainers if you can upgrade a percentage of donors to a larger monthly gift. We suggest a programmatic campaign pitching how much more you could do with an increased gift (as opposed to simply asking folks to update their credit card or bank account information). Consider offering a premium as a further incentive.

Most organizations have success asking for an upgrade within 9-12 months of the initial gift. Optimize your marketing costs by building a predictive model to evaluate which donors have the propensity and capacity to give at a higher dollar level and then focus your efforts on those supporters.

By using [Luminate's APIs](#), you can create a special landing page for the campaign with a form to perform the task of cancelling out the old sustainer gift and creating the new gift with your new payment processor.



STRATEGY 3: ASK FOR A RENEWED COMMITMENT

Another tactic is to launch a campaign asking supporters to renew their commitment to the organization. This approach tries to coax sustainers to complete an online form to renew their sustaining gift because “now your sustaining gift will do more.” Here are some tips for creating a successful strategy:

- Be straightforward and explain the situation, saying to continue to fulfill their gift we need to update their account information. In most cases, they will be very understanding since they are your biggest fans!
- Reiterate the impact their gift has had so far, and what plans you were hoping to complete with the rest of their gift in the upcoming months.
- Rebrand your Convio-powered monthly giving club to differentiate it from previous types of commitment.
- Offer entry into a raffle for something unique or notable (like tickets to an event or an iPad) or offer some other incentive (like opting out of postal mail or offering to not solicit them for additional one-time gifts except during crisis situations) to donors who renew.
- Use every opportunity to migrate donors by leveraging existing communication channels.
- Continue to email to non-responders for six month. Try different subject lines to boost open rates.
- Consider the average duration on the file of your online-incepted monthly donors and use it to prioritize which donors to focus your energy on.
- Test using telemarketing to contact the donors and process the renewals. This approach may reassure your constituents that you are handling their card information with the utmost security.
- Identify your largest donors who don't renew online, and have staff call them personally to process the renewals.

STRATEGY 4: REPLENISH THE WELL

Despite efforts to try to minimize the number of donors who cancel their recurring gift as the result of a campaign to upgrade or move them, you should expect some attrition. A good tactic is to replace the lost revenue with new sustainers.

- Ask new donors and new constituents to become sustainers in your welcome series. Test whether you get a better return from asking in the first, second or third email in the series. If you don't yet have a welcome series for new constituents and one for new donors (you can have both!), then check out our [free welcome series kit](#) on the Convio Community.
- Every three months, ask your existing donors who are not yet sustainers to upgrade to becoming a sustainer. Promote your sustainer program on your website and in your other marketing materials.

- Widen the net for list acquisition. Try working with provider like [FreshAddress](#) to append to get the email addresses of current, offline donors. Utilize services like [Care2](#) or [Change.org](#) to reach new potential supporters, making sure to welcome new donors promptly and ask them to become sustainers.
- Organizations can proactively comb their existing donor database for candidates by looking for indicators of sustainer potential. Attributes that may signify that a donor is a good prospect for a sustainer program include his or her current giving frequency, initial gift amount and income level. A robust, statistical model would combine multiple variables together and append third party demographic data so as to identify the right “mix” for predicting sustainer likelihood.



Convio Strategic Services

Convio operates a large agency serving the nonprofit community, with staff members primarily drawn from interactive and direct marketing agencies or marketing roles within the nonprofit sector. We understand the sector, as well as the subtle differences among nonprofit organizations, and we apply proven marketing and fundraising approaches based on this knowledge. Our daily hands-on experience with online and multi-channel fundraising programs gives us the knowledge to help you maximize your marketing and fundraising activities. Nonprofit organizations of all sizes use our assistance to ensure that their outreach, communications, fundraising and advocacy initiatives are effectively organized, strategically planned, and precisely executed.

We can help you plan and execute a campaign to move sustainers to your new payment processor. Our Strategic Services include campaign strategy, database segmentation, customized asks and offers based on donor behaviors plus creative design, email and web page production and testing, and reporting and analysis — with project management services each step of the way.

Our Strategic Services team can also work with you to create an upgrade or sustainer prospecting program using a customized, data-driven approach. We can build predictive models to identify a donor’s likelihood of a specific behavior, including which donors are most likely to upgrade to a larger gift and which first-time donors are most likely to make recurring gifts. Our advanced statistical methods give you greater insight than traditional [Recency, Frequency, Monetary \(RFM\)](#) modeling by leveraging third-party data (e.g. age, income, ethnicity, education) to predict responsiveness to channel, theme, offer, and more for your campaigns.

Please contact your Account Manager if you are interested in learning more about Convio’s Strategic Services.