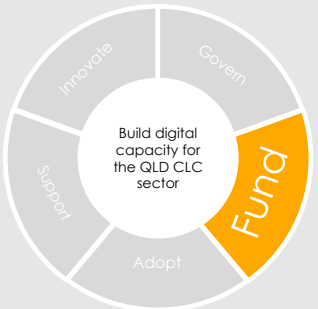# Accessing free or discounted digital products and services

'Building Digital Capacity' resources series

Resource type:	Strategic area:	Use it to:
Guidelines		• Find out about existing sources for digital products and services for non-profits. • Learn what to look and watch for when purchasing new technology.

Current as of February 2020

CONTENTS

> Other relevant resources in our **Building Digital Capacity resources series**:
>
> - *Budgeting for technology spend.*

1 - NFP DISCOUNTS AND DONATIONS FOR CLCS

What is non-profit pricing?

Affordability of technology has dramatically increased in the last decade, making access to modern and powerful digital tools easier than ever for non-profits. On top of the myriad of products (and pricing models) offered by software vendors, not-for-profit organisations also have the opportunity to access special non-profit pricing programmes.

Nowadays, more and more IT vendors who operate in the commercial sector offer non-profit pricing, either in the form of discounts (a % off the standard commercial price) or donations (the product is completely free).

To find out if there is a non-profit pricing offer for the product or service you are after, check:
- the vendors' website;
- ConnectingUp.org.

Connecting Up

CLCs can register for free with ConnectingUp to access a wide range of software and hardware at discounted prices.

The table below provides a small sample of popular technology providers which have non-profit pricing offers:

Functionalities	Vendors & Products
Productivity Suites	Google (Google for Work suite) Microsoft (MS365)
Enterprise systems and CRM	Salesforce, Microsoft Dynamics, NetSuite
Collaboration	Slack, Trello, Yammer (part of Microsoft suite)
Accounting systems	XERO, MYOB
Networking and security	Citrix, Cisco, Symantec
Project and product management	Atlassian, Smartsheet, Basecamp, Asana
Digital content development	Adobe (Creative Suite applications: Acrobat, Illustrator, Photoshop, etc.)

No non-profit pricing advertised?
Vendors don't always advertise they have a non-profit pricing, so contact them directly. And if they don't have yet an official NFP offer, they may be willing to start one. It's always worth asking.

Discounts and donations are great, but make sure you check they apply to your organisation and what you need.

Most of all, check the pricing information is up-to-date and correct. Offerings change, and, fortunately for the non-profit sector, usually in favour of NFPs (vendors are more likely to extend their non-profit programs than restrict them). The examples provided in this guide are correct as of January 2020, but may well be superseded over time.

Finally, make sure you get a quote or confirm pricing with the supplier before you go to your board or manager for approval.

Checking eligibility conditions:

☐ Are you eligible?	Organisations eligible for NFP pricing are typically those that have recognisable charity status in the country they operate in and/or are income tax exempt. However, vendors have their own eligibility criteria, and some may have specific exclusions.
☐ Does the non-profit pricing apply to Australia?	Check that the non-profit pricing applies to Australia; most vendors are global these days but not all have extended their donation or discount programs to all countries.
☐ Does the NFP pricing apply to the specific product version you need?	Check the NFP pricing applies to the particular product and version you are after and includes the modules / functions you need.
☐ Are there limitations to who can use it and how?	Verify if the non-profit pricing applies to the type and number of users you have, and level of usage you need (e.g. volumes of data included).

Working with volunteers?

Watch out for pricing conditions for non-staff members of your CLC. For example, Microsoft has specific conditions around how volunteers using the MS365 suite (discounts offered for volunteers, rather than donations).

2 – PRICING MODELS

Why do pricing models matter?

When you are looking at different products, it's important you understand the implications of product pricing so you can compare like-for-like costs, and budget accurately.

Over the last few years, the trend has been for software vendors to move away from one-off (also called perpetual) licenses to subscription models (typically offered under the Software as a Service (SaaS) model).

For example, it used to be the norm (and only option) to purchase Microsoft Office (Word, Excel, Outlook, PowerPoint, etc.) licenses, but the cloud-based version (MS365) is now offered on a subscription basis only. Adobe has now almost completed retired options to purchase any products from its Creative Suite (Acrobat Pro, Photoshop, Illustrator, etc.) other than through its subscription model.

Free, 'freemium' and premium

The freemium model has gained much popularity, particularly for online and mobile apps, and can be a good way to start with a new digital tool, or try it out. Here's an overview of the different between free, freemium and premium models:

FREE	FREEMIUM	PREMIUM
Access is completely free, but can be restricted in time for the purpose of free trials. Free plans (particularly for mobile apps and websites) may involve adverts being displayed on your screen.	Product is offered free within specific usage limits (e.g. limited number of users or transactions, or access restricted to basic functionalities). You can move to tiered paid plans to remove those limits.	There is no free access, but these paid plans often come under multiple tiers, depending on user numbers, functionalities required and data volumes.

Licensing models

A license basically allows you to access a system or application within specific terms and conditions of usage. This section explores the key questions to consider when looking at purchasing software, together with advantages and things to check before you buy:

Do I buy (pay once), or rent (pay a regular fee)?	➜	Subscription, OR One-off licenses
Do I pay based on what I use, OR do I get a flat fee?	➜	Usage-dependent, OR Unlimited licenses
Do I get one license per user, OR a number of seats that can be shared?	➜	Single use, OR concurrent (floating) licenses

Pricing transparency:

The willingness to advertise clear pricing and associated terms and conditions varies greatly between vendors. Some will display their pricing on their website and what it includes (and excludes), whereas for others you will need to request formal quotations.

Always check directly with a vendor if you are not clear on the final costs to pay (and to ask about that non-profit discount), and what conditions apply if you need to make changes to your original order (for example adding or removing licenses).

Licensing can get complex, particularly for major systems that involve multiple components. Regardless of the pricing model, you need to be comfortable you understand inclusions and exclusions, particularly with regards to support and maintenance, including version upgrades.

A closer look: subscriptions or one-off?

Each license model has pros and cons. The table below provides a comparison of licenses sold under subscription models and one-off.

	Subscription (pay as you go)	**One-off (perpetual)**
What it means	• Pay a fee on a regular basis, such as monthly or yearly (annual plans often have a discount applied)	• Pay a fee once for the number of licenses you need
Good for…	• Spreading out your costs and a lower upfront cash investment • Predicting your ongoing IT spend • Always having access to the latest version of the software • Greater flexibility for fluctuating usage needs (e.g. changes in number of users)	• Organisations that have an allocated budget to spend now • Capitalising your costs* • Solutions for which continuous access to the latest version is not deemed important
What to check	• Conditions for changing or terminating plans • Inclusions / exclusions related to support and maintenance	• Whether the agreement includes future version upgrades • Inclusions / exclusions related to support and maintenance

* Capex or Opex?

In general subscriptions licenses can be considered as **Opex** (operational expenditure) whereas one-off licenses can come under **Capex** (capital expenditure). However, there is no systematic rule and how you treat the expense will depend on the terms of the licensing agreement, and the type of accounting you use, so be sure to seek advice from your accountant.

A CLOSER LOOK: Usage-dependent or unlimited?

Some licenses come with limits on how much you use, whether it's number of users, data or functionalities. The table below provides an overview of licenses that have usage restrictions vs those that have unlimited usage.

	PER USAGE	UNLIMITED
What it means	• Pay for what you need; your costs will vary depending on one or more of the following: - number of licenses required - volume of data used (e.g. storage, transactions, number of records) - features used (vendors often offer tiered solutions ranging from basic to exhaustive)	• Organisations get unlimited access and usage of the tool, including: - unlimited numbers of users - unlimited data volumes • 'Enterprise' plans often fall under this type of agreement
Good for…	• Organisations with a stable or predictable usage growth • Organisations who can work effectively within a limited usage	• Organisations with current (or planned) large number of users or volumes of data
What to check	• Flexibility in usage limits, either up or down	• Whether some restrictions may still apply to specific user groups (e.g. volunteers or users external to your organisation)

A CLOSER LOOK: Single use or concurrent licenses?

	SINGLE USE	CONCURRENT (FLOATING)
What it means	• Allows access for a specific individual (or account); licenses are usually named licenses (i.e. they are associated to a person)	• Allows a maximum set number of users to access the system at the same time • Users usually still get their own login, but cannot access the system if all the 'seats' are taken
Good for…	• Organisations who want to make sure that users can always access the system, regardless of how many other users are logged in • User groups that need to access the system frequently, as part of their normal duties	• Organisations who want to optimise their costs and know that not all users will be on the system at the same time (e.g. teams that work in shift, allowance for people away, users who don't need access on a daily basis) • Users who don't need to access the system often and /or for whom it's not critical to be locked out
What to check	• Whether you can easily transfer one license from one individual to another (for example when someone leaves your organisation) and what happens to the data when you do	• Whether vendors will allow you a mix of concurrent and single use, so you avoid having critical users like administrators or 'heavy users' locked out

* What about generic usernames?

One way to reduce license costs is to use generic usernames (e.g. adminuser@clcX.org.au) instead of named user licenses. However, the cost gain should be balanced against security and privacy risks, as generic usernames mean that you will not be able to trace who exactly accessed the system or changed the data. Hence, generic usernames should be avoided for any systems that involve either access to personal data or changes to data which you may need to track later on.

3 - FREE/DISCOUNTED TECHNOLOGY: THE CHECKLIST

Here is a quick checklist to go through when you consider purchasing a product that has free or discounted prices for non-profits:

☐ Does the product support the functionalities we need, or will we have to spend money on customising it?

☐ Compared to another more expensive product, will implementation costs outweigh the benefits of having free/discounted licenses?

☐ Are on-going support and maintenance (things like hosting, technical upgrades, infrastructure and helpdesk) included, or do we need to budget for those?

☐ Do we get access to all the features/modules we need with the free/discounted offer?

☐ Does the discount apply to the specific product version we need?

☐ Is there a cap on how many licenses (or users or data volumes) we can get under the free or discounted agreement?

☐ Is there a risk that the offering gets discontinued or that pricing conditions may change?

No such thing as free technology…

The rising number of technology vendors who offer free or discounted access to their products is a welcomed trend. However, the offer of free/discounted products can hide the true cost of technology. For CLCs, this can mean making the wrong choice of technology and ending up paying for it (in more ways than one) down the track.

'Surprises' can include high implementation costs, expensive customisation needs, poor user adoption, disappointing product performance, incompatibility with other systems, unforeseen support costs, and more. Therefore, it is critical for CLCs planning their digital investment to look at the whole picture, beyond the nominal license or subscription cost.

Lastly, whilst it may be difficult to put a number against things like buy-in and commitment, it's essential to acknowledge early on what it will take to successfully implement a new piece of technology. Intangible costs can have long-term impact and are often harder to recoup than financial losses.

> See *Budgeting for technology spend* in our **Building Digital Capacity resources series** for more information on planning for overall technology costs.