



Navigating the Donor Galaxy with AI: Lessons from the Solar Eclipse

John Wilburn, Epsilon

Remember the mesmerizing solar eclipse from the other month, or at least the endless news coverage? I want to use that celestial phenomenon to contextualize how AI can enhance nonprofit fundraising.

Let's start by refreshing our understanding of AI and machine learning. Picture AI as machines mirroring human intelligence, and machine learning as a subset of AI that enables systems to learn from experiences. It's akin to training a space shuttle to observe and learn from every celestial body it encounters. This technology won't supersede human efforts but rather amplify our reach and speed.

AI doesn't replace data quality. We must maintain focus on fundamental data, such as names, addresses, and even source codes. The goal is to use data effectively to connect with the right donors at the right time, boosting your return on investment. After all, you can't observe stars with a dirty telescope.

The solar eclipse reminded us that our universe is in perpetual motion, much like the donor landscape. Rather than being a static funnel, it's more like a bustling galaxy. Each donor orbits within their unique path, contributing when ready, via their preferred methods, and reacting to impactful communications. Some donors are like comets, passing through briefly, while others stay in close orbit around your organization. AI can help identify these unique donor orbits by pulling information from your entire database, reviewing giving patterns to other organizations, and even analyzing media habits such as TV streams and social media. It can enhance and focus your outreach efforts, ensuring you're not navigating based on outdated maps (even maps from 4 months ago are starting to go stale).

Take for example a recent analysis we conducted on over 80 unique AI audience deliveries across one week. We found that nearly 70% of names were chosen for a single audience. Of the names chosen for multiple audiences, most were selected for no more than four deliveries. This was just one review for one channel across one week. Think about the impact across the year and all outreach options.

AI's greatest strength lies in its feedback loop. Just as scientists uncover more about our universe with each celestial event, AI grows smarter with each piece of feedback, incrementally improving campaign efficiency. Tasks that once took weeks can now be completed in hours, freeing up valuable time for other




A galaxy with various celestial bodies such as stars, comets, and planets. Each celestial body represents a different kind of donor: comets represent transient donors, stars represent regular donors, and distant planets represent potential donors. In the center of the galaxy, place an image of a spaceship (representing the nonprofit organization) using a beam of light (AI and machine learning) to connect with these celestial bodies. This image will represent the organization's efforts to reach out to donors in their unique 'orbits'.

important missions. However, we must resist the urge to make launch decisions based on a single test audience. It's vital to establish an initial baseline, recalibrate through retesting, and then plan further efforts for a successful launch.

Navigating the world of AI isn't always smooth sailing, and compliance and security are paramount in this realm. It's crucial to stay abreast of ever-changing privacy laws and regulations.

In essence, AI and machine learning can elevate your nonprofit fundraising, helping you navigate the vast donor galaxy with precision targeting, dynamic audience building, and resource maximization.

Remember, it's not about machines replacing humans; it's about us collaborating to explore new frontiers, much like the celestial explorations inspired by the solar eclipse. Are you ready to embark on a cosmic journey? 

Message from the President

Dear Friends and Fellow DMFA Members, Fundraisers don't have "lazy" days, even in the summer. I hope that you're finding time to make the most of the season, personally and professionally. It always goes by too fast.

Our summer began with the 2024 DMFA Awards Celebration and Annual Membership Meeting in June. Congratulations to all the winners! If you weren't able to attend, the awardees can be found on our website at DMFA.org.

We've also welcomed our newest board members Ryan Carpenter, Rose Cashner, Eliza Slone, and Andrew Wiley. We are thrilled to have such a talented and energetic group of fundraisers join us.

Like a blockbuster summer movie, our summer newsletter is focused on a topic that not long ago would have seemed out-of-this-world: AI and technology trends. We hope you find the enclosed articles helpful as you navigate the opportunities and pitfalls of rapidly evolving technology and what they mean for your organization, clients, and the fundraising industry.

I urge you to take special notice of the article titled *Regulating AI—A New Legislative Frontier* by Mark Micali, Vice President, Government Affairs, The Nonprofit Alliance which provides insight on what the U.S. federal government is

doing to meet the challenges of AI, but also advises that organizations should not wait for legislators to act. Organizations should be working now to develop clear AI policies and protections.



As you may know, June is the end of our program year. Rest assured that we are already planning to make next year just as valuable and informative. Please make a note of two exciting events that are already part of our 2024-2025 programming:

- Sustainers: A Lifeline During Economic Uncertainty (webinar) — August 13, 2024
- We will be hosting our third Mid-Level Giving Group Benchmarking Summit April 29-30, 2025, in Hyattsville, MD. This event is limited to DMFA members with the additional benefit of the MLG Group and Platinum Sponsors. For more information on how to add this exciting benefit, contact us at info@dmfa.org.

I encourage you to keep an eye on our website at DMFA.org as we begin scheduling additional fall and winter programming. Until then, enjoy the rest of your summer!

Best,

Kristen Shank Finn
President, DMFA

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Artificial Authenticity?

Dennis Lonergan, Eidolon Communications

After working on this article, I decided to change my rap name to “ChatDBL.” After all, what have I been doing all these years if not generating artificial intelligence?

Give me a prompt and I can deliver copy that sounds high dollar, lowbrow, pleading or panic-stricken; be a two-page expert on climate change, chamber music, women’s health or golf; come across as a constitutional lawyer, park ranger, refugee or canine psychologist; be angry, heartbroken, the peer of a millionaire or the product of a broken school.

The point is, I’m not sure where professional authenticity and artificial veracity blend, separate or go to war with each other. Does that make me a bot or a brainiac?

So I put the question to Chat GPT-3: **“ChatGPT-3, what’s all this about the ethics of using artificial intelligence to create fundraising copy?”** Here’s what I got back.

“Using artificial intelligence (AI) to generate fundraising copy raises ethical considerations primarily because it involves leveraging technology to persuade individuals to donate money or support a cause.”

Fundraisers already leverage copywriters to persuade individuals to donate, while pretending the signer wrote the four-page missive. So I’m comfortable using AI in a process already several degrees removed from strict transparency.

To me, the more ethical consideration involves passing off AI-generated copy as my own. Or, if I was on staff somewhere, passing it to bosses as my own. Integrity cries foul on that.

As a copywriter who takes pride in his work, I would never pass off AI as my own. I want clients to recognize the style, energy, depth and “secret sauce” I endeavor to bring to my writing. The things that set every writer apart are what’s missing in what AI generates.

But I also want to deliver client work on time, so I may ask AI to synthesize material that’s bogging me down. For example, writing about the renovated Brick House adjacent to Philip Johnson’s Glass House in Connecticut, I asked AI for a concise description of its architectural significance.

I got back ninety-two words that fit the bill but lacked details to bring them to life. I followed up to get more about the interior. This brought 103 words leading me through the house room by room, pointing out highlights and contrasting them to the much more open Glass House next door.

For this “informational” content, AI saved me the time it would take to read copious source material by condensing it to highlights. It answered my follow-up prompts with output more precisely addressed to my needs. And everything it delivered was crisp and concise.

Next, would AI tell me why someone should give money to preserve places like the Brick House? It gave me five: Cultural



Heritage, Educational Value, Community Engagement, Inspiration for Future Design and Sustainability.

This last bullet noted, *“Preservation reduces the environmental impact of new construction”*—a nuanced argument the Trust uses but is often missing from broader discussions of the topic.

None of what I got was much different from things I could copy from the National Trust web site, Glass House website and Wikipedia to paste into my notes, absorb and consolidate into a piece of original copywriting. Yet none of it contained the emotion, poetry or insight of a human being.

So, what’s the verdict on AI as a copywriting tool? It’s just that—a tool. Just as I use Word’s Editor to straighten out grammar, Thesaurus to pinpoint language, and spell-check to proof, AI can give the same building blocks I’ve always compiled from various sources, albeit in endlessly, instantly adaptable ways that can make creating good copy more efficient—or, at least, good copy from someone like ChatDBL. Good “writing” still needs Dennis B. Lonergan and my peers in this industry. ■



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Finding Your Way Amidst the Rise of the Machines

Stephen Ferrando, TrueSense

Now is as good a time as any to take a breath and address the question, “So what, exactly, is AI?”

Artificial intelligence (AI) refers to a vast area of knowledge and capabilities, and while *large language and generative models* (ChatGPT and the like) may have hijacked the recent conversation, it is important to remember that AI covers an ever-growing list of *predictive, machine, and deep learning models* as well.

The Fundraising of Tomorrow with Generative AI

Generative AI models have captured our imagination because of their promised potential to greatly change the way we work. But given the well-documented blind spots, hallucinations, and less-than-stellar responses in some cases, there is clearly more to be done before solutions like these are ready for unmonitored roll-out.

That said, at some point in the (near?) future, it’s likely your organization will have a Gen-AI application acting as your proprietary knowledge housing assistant, enabling true internal data access for all the stakeholders, top to bottom, in your organization.

Delivering Impact with Predictive AI Today

Adapting to and creating value from this “new” AI-powered reality is a journey we embarked on here at TrueSense Marketing nearly seven years ago—well before AI became a mainstream topic. We developed a **suite of predictive AI-powered models** to help nonprofits escape the inefficiency of segment-based targeting that was, and largely still is, the mainstay of our industry (primarily, criteria based on recency, frequency, and monetary factors).

Our goal: empower our nonprofit clients with the surgical precision of scoring individual donors using machine-learning algorithms derived from their own unique first- and zero-party data (1PD and ZPD). We have found across countless head-to-head analyses that no donor data is more predictive than 1PD.

The result: a suite of predictive solutions we call **Giving Potential Scores (GPS)**.

AI-powered models like GPS deliver the ability and confidence to make campaign selections at incredibly precise levels of expected performance. They give nonprofits a level of control and predictability that traditional segmentation and targeting have never and could never achieve.

For instance, using **GPS Reactivate**, an AI decision engine targeting lapsed donors, we found the most response-likely and valuable lapsed donors across one client’s entire file. We also found those donors within the traditional segmentation cohorts NOT likely to respond and omitted them from the selection.

In the charts below, note the performance in 2020 and 2021 using traditional RFM selections. Compare them to 2022, when we introduced AI targeting:

8% more gifts YOY

19% more revenue YOY

46% reduced campaign volume YOY

56% reduced campaign expense YOY

The result? Wildly improved efficiency in lapsed reactivation and drastically improved net per donor returns in this and future campaigns.

The Path Forward: Embracing Innovation with Purpose

By harnessing the power of data and technology, organizations can use AI to drive greater efficiency, deliver increased impact, foster transformative innovations, and advance social change at a pace not possible before.

The growing importance of AI in the nonprofit sector, and the world more broadly, heralds a new era of possibility, potential, and, yes, risk. Embrace it but do so responsibly and with purpose.

To quote Seth Godin, “If it scares you, it might be a good thing to try.” ■■

UNIVERSE

2022	57,126
2021	106,158
2020	81,399

GIFTS

2022	875
2021	807
2020	639

REVENUE

2022	\$25,712
2021	\$21,688
2020	\$18,548

COST PER DONOR

2022	\$31
2021	\$63
2020	\$61

RESPONSE RATE

2022	1.53%
2021	0.76%
2020	0.79%

AVERAGE GIFT

2022	\$29
2021	\$27
2020	\$29

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Maximize the value of response modeling in a challenging economy

John McCarthy, ROI Solutions

The current fundraising climate is challenging. Between rising costs and an uncertain economic outlook, organizations seek ways to contact the right constituents at the right time and ask for the right amount. Machine learning models provide an increasingly effective method for predicting the most responsive donors compared to traditional RFM segmentation approaches.

According to **Lee Gartley**, Head of MiLo Intelligence Machine Learning at **ROI Solutions**, “Much of response modeling has typically focused on marginal populations, aiming to identify the small percentage of records that can be contacted successfully. Examples include reactivating lapsed donors or attempting to convert one-time donors to sustainers. With recent increases in mailing and production costs, organizations look to improve targeting in more extensive active donor campaigns. The goal is to identify the small/medium percentage of donors most economically viable to include in a specific campaign.”

Postage costs have risen dramatically over the past few years. The Nonprofit Alliance reported that nonprofit mailers have seen postage “increases between 15.7% and 19.6% in a mere 18-month period.” With postage as just one of the rising direct marketing costs, organizations are looking for new ways to maximize returns with shrinking mailing budgets.

Many organizations hyper-focus on their active annual donors, but as costs rise, how can you be sure you are mailing the most responsive active donors? With active donor modeling, you can rank all active donors on the likelihood of giving and improve targeting while reducing mailing costs.

As in this illustration from an actual campaign, the organization could drop classes 9 and 10, which represent 20% of the contacts

MiLo Class	Contacts	Responses	Total Gift \$	Response Rate	Average Gift	Income per Thousand
1	20,000	1562	\$67,101	7.81%	\$42.96	\$3,355
2	20,000	556	\$17,508	2.78%	\$31.49	\$875
3	20,000	379	\$12,482	1.90%	\$32.93	\$624
4	20,000	321	\$9,384	1.60%	\$29.23	\$469
5	20,000	200	\$6,140	1.00%	\$30.70	\$307
6	20,000	181	\$4,551	0.90%	\$25.14	\$228
7	20,000	152	\$4,013	0.76%	\$26.40	\$201
8	20,000	136	\$3,611	0.68%	\$26.55	\$181
9	20,000	63	\$1,782	0.31%	\$28.28	\$89
10	20,000	32	\$788	0.16%	\$24.63	\$39
Grand Total	20,000	3,582	\$127,360	1.709%	\$35.56	\$637

but only 2.6% of the gifts, or even exclude class 8, which would drop 30% of the contacts but only 6.4% of the gifts.

Adding columns for cumulative contacts, responses, and revenue illustrates this more clearly. For example, **50% of the contacts** (all records through MiLo class 5) **represent 84% of the responses and 88% of the total revenue.**

MiLo Class	Cum % Contacts	Cum % Responses	Cum % Gift \$
1	10%	44%	53%
2	20%	59%	66%
3	30%	70%	76%
4	40%	79%	84%
5	50%	84%	88%
6	60%	89%	92%
7	70%	94%	95%
8	80%	97%	98%
9	90%	99%	99%
10	100%	100%	100%


In our experience, there are three essential requirements for the successful adoption of predictive response modeling:

1. The availability of high-quality and consistent data.
2. A well-defined marketing process to maximize the modeling scores.
3. Minimal upfront investment or risk.

On the data front, the data for active donors is typically in line with current best practices for data collection within your organization. Model predictability always improves when you mirror ongoing solicitation strategies for model development.

On the process side, active donor model scores are easy to leverage with an audience contacted frequently. A risk with active donors is over-solicitation. Our clients avoid this through the selection process, where specific names are intentionally excluded based on prior contacts. Another method includes a frequency feature in the model build process, which impacts predictions based on the number of recent contacts.

Our philosophy with MiLo Intelligence is to allow clients to test new ideas and models with minimal upfront investment or risk. We have seen organizations struggle, particularly in this economy, when a new model's trial requires a material investment in dollars or time from the organization.

Machine learning is powerful for gaining insights into constituent behavior and fine-tuning solicitation strategies. Still, using models thoughtfully based on one's own experience and critical thinking is essential. 

Machine Learning in an Amazon World ...

Stephanie Ceruolo, Moore Response Management Group

Once upon a time, when there were three or four TV channels and a phone book wasn't what you were reading on your smartphone's Kindle app, it was OK to determine your audience with RFM segmentation and list renewals.

But you can't create a positive donor experience in an Amazon world with Don-Draper-era audience strategies. The time is now for non-profits to embrace AI/machine learning tools for effective donor audience segmentation much like we do for acquisition audience selection.

Machine learning can analyze more variables. RFM relies on three variables: recency, frequency, and monetary value of giving. These used to be the only variables available. But now cloud-based data repositories like sister company Moore's SimioCloud incorporate hundreds of attitudinal, behavioral, demographic, and transactional data points into machine learning systems that can optimize what communications go to whom and when.

Machine learning is the only way to efficiently process and model this volume of data. With this better data and segmentation, we were able to increase net revenue for a major health organization by 14% across their entire direct mail program because of improved predictions.

Machine learning learns. Unlike statistical methods that describe the world as it is, each piece of feedback—response, non-response, open, click, website visit, unsubscribe, etc.—teaches a machine learning system to make better predictions.

Each datum helps determine whether a new direction leads to a new world or a blind alley. This iterative process increased acquisition response rates for a major veterans service organization by over 60% because of continually better audiences.

Machine learning allows for real donor journeys. Before machine learning, predictions were made in silos: your best single-gift donors, mid-level prospects, or likely sustainer upgrades. The challenge is that the best donors are in all these groups, meaning they get a cacophony of offers. Some still-good donors can be missed by these separate models and fall through cracks.

Artificial Intelligence, however, can look at the audience first and select the right journey for each donor individually. For example, with SimioCloud Connect, our constituent data platform (CDP), working with Children's Hospital for Philadelphia, this approach doubled their major donor pipeline with an 85% increase in response rate and 50% increase in average gift.

Beyond these audience-building capacities, Moore has launched a generative AI testing system that helps both create and assess both human and AI-generated creative. Current testing only



allows for one test at a time; we create always-on testing for audience and creative that helps find the best control and the best creative for distinct types of audiences. We do this while maintaining human-in-the-loop standards to ensure brand and ethical compliance from AI generation.

Machine learning enhances donation responsiveness.

Moore Response Management Group is embracing AI for document recognition in back-end processing for improved efficiency and reduced exceptions, which leads to cost effectiveness in donation processing without compromising donor intent.

While multi-pronged adoption of AI is still early in some stages of the solicitation lifecycle, AI's use in modeling and audience building is now fundamental. It's table stakes for creating effective audiences and great donor experiences, yet many have not unleashed AI's audience building power. ■■





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WINNERS

The DMFA Awards winners were announced June 6. The winners list is on page 11, and you can go online to www.dmfa.org to see the winning campaigns!



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The Experts (and ChatGPT) on Technology Trends, Algorithms, and AI (PART 1)

Sarah Birnie, Avalon Consulting

Artificial intelligence (AI) is not as new as you think. The nonprofit industry has been using AI for years to build and predict different audience models, improve fundraising performance, and more.

AI is what you feed it—garbage in, garbage out, as they say—and I was curious to learn how my peers have been using AI in their workplaces. And since ChatGPT brought AI to the forefront of people’s conversations, I’d be remiss if I didn’t include its answers, too!

Meet the experts:

Roger Hiyama | Executive Vice President, Solutions & Innovation | **Wiland**

Susan Paine | Vice President, Data Analytics & Strategy | **Human Rights Campaign**

Derek Drockelman | Vice President, Sales & Marketing | **ROI Solutions**

Emily Courville | Senior Director, Analytics | **The Humane Society of the United States**
ChatGPT

How have you been using AI?

Roger: For more than 10 years, Wiland has been leveraging AI to help us effectively build custom models and score audiences for House, Lapsed, and Acquisition programs. Our AI-enabled platform analyzes trillions of dollars of donor and consumer spending transactions, billions of consumer purchase intent signals, billions of social media signals as well as demographic data for over 250 million adults in the U.S. Our AI identifies the dynamic interactions within the data used in a model to recognize unexpected yet highly relevant patterns and correlations.

Machine learning can not only recognize interactions—it can essentially create new combination variables “on the fly” with the binning and weighting of these variables dictated by the predictive value of those combinations. Data sets become hugely multi-dimensional, as AI can find correlations that no amount of human analysis could approach.

Susan: We have been using machine learning and predictive analytics for years to improve fundraising performance, particularly in channels that have higher costs associated with

them. This has made our efforts more targeted and increased net donor value and net revenue for the organization.

Derek: Through our MiLo Intelligence product, we have been using machine learning for predictive modeling for the past six years. We have response models for Lapsed, Sustainer Conversion, Mid-Level, and Active universes, which our clients regularly use to better target their fundraising efforts. Another model our clients are using is our Sustainer Retention model, which predicts the likelihood of any sustainer churning off the file.

ChatGPT: I’ve been designed to assist users like you by processing and generating human-like text based on the input I receive. My architecture, GPT (Generative Pre-trained Transformer), enables me to understand and respond to a wide range of queries, from providing information and explanations to engaging in conversation and creative writing. My application spans various domains, including customer service, education, writing assistance, and more. How can I help you further understand how AI is used?

The conversation continues at www.dmfa.org/ai, where we discuss new ways we’re using AI now and what kinds of “AI fails” we’ve experienced! 📊

OVERALL WINNER AND DIRECT MAIL RENEWAL

National Audubon Society/O'Brien Garrett

DIRECT MAIL ACQUISITION

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DIRECT MAIL MID-LEVEL RENEWAL

ACLU/Lautman Maska Neill & Co

DIGITAL RENEWAL

GLAAD/Sanky Communications

DIGITAL ACQUISITION

**MSF-Doctors Without Borders/
Blue State C+K**



TIE: MULTICHANNEL

K9s for Warriors/TrueSense

TIE: MULTICHANNEL

**Queens Public Library Foundation/
K2D Strategies**

TIE: MULTICHANNEL

**Coast Guard Foundation/
RKD Group**

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**African Wildlife Foundation/
Sanky Communications**

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2024 DMFA New Board Members

Ryan Carpenter

Vice President, Client Success

The Allegiance Group + Pursuant

Prior to joining The Allegiance Group + Pursuant in 2019, Ryan spent time both on the agency side at THD, within a nonprofit at Year Up and offering nonprofit software solutions with Causemo.

He has experience and interest in developing innovative strategies that efficiently identify, cultivate and solicit donors and prospects through effective engagement tactics. He has a keen ability to synthesize large data sets and identify the underlying trends and points of importance. Ryan has a proven track record in creating successful cross-channel donor engagement strategies that will deepen donor relationships with organizations and upgrade those with the most capacity and inclination to give.



Eliza Slone

Vice President, Strategy

mkdm

For 18 years, Eliza Slone has applied exacting analytical and creative skills to client direct marketing challenges and opportunities, driving innovation and delivering outstanding successes. In addition to having extensive experience in fundraising strategy and integrated program development, Eliza is highly skilled in donor messaging, digital strategy, and direct response copywriting. She has developed campaigns that have been recognized both by the DMFA's Package of the Year Awards and the Fundraising Success Gold Awards for their outstanding performance in renewing donors and raising funds.



Rose Cashner

Senior Director of Direct Marketing

Feeding America

Rose Cashner is the Senior Director of Direct Marketing at Feeding America. For the past 7 years, she has led marketing efforts for cultivation, mid-level, lapsed and acquisition audiences. Her team is responsible for direct mail, direct response TV, print, telemarketing, and trigger programs. Prior to joining Feeding America, she held senior leadership roles across several industries including insurance (Allstate, Kemper) and telecommunications (AT&T). Rose has had outstanding success in designing, implementing, and evaluating innovative, omni-channel marketing programs. She is known for using data and insights to develop innovative ways to continually improve ROI.



Andrew Wiley

Director, Annual Giving

World Wildlife Fund

Andrew Wiley leads the fundraising strategy and communications plan for WWF's mid-level donors, known as Partners in Conservation. For the past 15 years, he has overseen the strategic direction of this program to increase the support and engagement of these committed annual donors through mailings, digital platforms, personal correspondence, and in-person events and webinars. Andrew has also been involved with the Mid-Level Giving Benchmarking Summit since its inception 10 years ago, and has been a facilitator of the DMFA event for the last 2 years.





Midlevel Giving Spotlight

Artificial Intelligence for Mid-Level Programs

Jeff Muller, Crossroads Insights LLC

On November 30, 2022, a modern revolution was born. That's the day ChatGPT—the fastest growing app in history—was launched. Within just two months, it was being used by 100 million people. By the end of 2023, both Salesforce and Adobe reported that about half the general population in the United States was using generative artificial intelligence (AI), which responds to user prompts to create content. This is the category of AI of which Chat GPT is the best-known exponent.

While generative AI is just one type of artificial intelligence, the incredible success of Chat GPT has accelerated interest in this fast-evolving area of technology. Not only is AI a near-daily news item, but the percentage of nonprofits using AI has grown exponentially. In 2023, DonorSearch estimated that fewer than 30 percent of nonprofits were using or exploring any AI. Fast forward to 2024, and a Google.org survey indicates that more than half of nonprofits say that at least some of their staff are using generative AI—which is just one form of the now-ubiquitous technology.

In May, just after the DMFA Mid-Level Giving Benchmarking Summit, I spoke with three mid-level experts—Rebekah Cross from Guiding Eyes for the Blind, Lori Hutson from Planned Parenthood Federation of America (PPFA), and Devi Vat-Ho from USA for UNHCR, the UN Refugee Agency—about how their organizations are deploying AI to augment their mid-level fundraising efforts and advance their programs. Here are the key takeaways from that conversation:

Use AI to Segment Donors for Better Performance

While generative AI has been receiving much of the recent attention, more established areas such as machine learning and propensity modeling are valuable tools for the direct response aspects of a mid-level giving program. As Devi noted, “Our goal is to identify mid-level donors who could be major donor prospects and individual donors who could be mid-level donors, and then be able to prioritize which donors to contact. We've been working with Dataro for almost a year now, using their mid-level and stewardship models. We also have an internal innovation team at UNHCR called The Hive that's comprised of data scientists, engineers, and a data visualization specialist. I'm working with them on some additional propensity modeling focused on our lapsed file and for upgrades within mid-level.”

Simplify Portfolio Management with AI Tools

There are also newer, multi-modal tools on the market such as Raise by Gravyty, which is a fundraising platform that uses AI to help nonprofits scale personalized donor outreach. It integrates with a number of CRM platforms and deploys a combination of predictive AI to identify donors to engage, and generative AI, which drafts communications to those donors. Rebekah and her team have found this to be a useful tool for managing large portfolios, saying, “Gravyty just makes my work a lot more manageable, helping with administrative work such as scheduling tasks and follow-ups without needing 15 Excel sheets open.” However, she also notes that it also has limitations, particularly with its generative feature: “It doesn't replace human intelligence because there's a lot of things that it's not going to understand about your relationship with a donor.”

Find Simple Ways to Put Generative AI to Use

While generative AI has its limits, there are also some simple use cases that can be very helpful for mid-level programs, including content development and audience identification.

Devi primarily uses Microsoft's Co-Pilot, which is built upon OpenAI's ChatGPT-4.0 but provides some level of protection for user inputs. While she has played with some different use cases, she says “I primarily use it to help craft emails and other personalized communications for donors.”

For her part, Lori uses ChatGPT and is currently exploring a very interesting use case she learned from a consultant. “What I would like to do in the near future is use Chat GPT to build personas for my donors. On an annual basis, we look at our donor behaviors and then assign our donors to various clusters. For example, if you have lapsed between 13 to 24 months, you go into one cluster, if you are performing at a very high level you go into another cluster, and so on. We currently have about 11 different behavioral clusters. I recently learned how to create ideal donor personas using Chat GPT, which can be used to inform how I can most effectively message to, and engage, my donors.”

Technology Adoption Requires Change Management

Even with all the excitement generated by AI tools, many people in organizations throughout the industry remain as resistant to change as they historically have.

Case in point, Rebekah has enjoyed real success with her use of Gravyty. “We added email integration which tracks open rates, and I’ve noticed a 92% open rate [since deploying the technology]. While our goal is retention, we have seen a little bit of increase here and there because of our prompts. There was even one person who came up on my prompt list who had lapsed. I reached out and after connecting again, the donor renewed their support on a multi-year pledge. The fact that they came back on board, and they were happy to talk to us, that’s a nice success.”

Even with this successful pilot, any roll-out needs to include a change management plan that effectively addresses team members’ needs and concerns.

Keep Reputational Risk in Mind When Considering AI

It is important to understand that AI is not able to cognate like people do, and so its use carries some real risks for an organization, from mistakenly generating untrue statements—

known in the industry as “hallucinations”—to perpetuating societal biases. These and other risks could cause reputational damage, so it is imperative that organizations develop comprehensive guidance for their teams about how to engage with AI. At USA for UNHCR, Devi says they have “a Technology Review Committee that is working on our policies about how we can use AI. These include things like ‘don’t give any personally identifiable information to the AI.’”

However, research from Stanford University’s Institute for Human-Centered Artificial Intelligence indicates that nearly 80 percent of nonprofits lack an organization-wide policy for AI usage. Without such a policy, it is hard for individual teams to proceed. In Lori’s case, “We really haven’t been exploring that much AI. I’ve been trying to hold back and see what the organization decides because of concerns with transparency and authenticity.”

Proceeding with caution is a good thing, because, as Lori notes, “we want to make sure that whatever we do, we’re doing it right and we’re not going to upset donors in the meantime.” At the same time, organizations shouldn’t delay exploring AI because that carries the risk that their teams may be left behind. It’s a delicate balancing act, but one that can carry us into the future.



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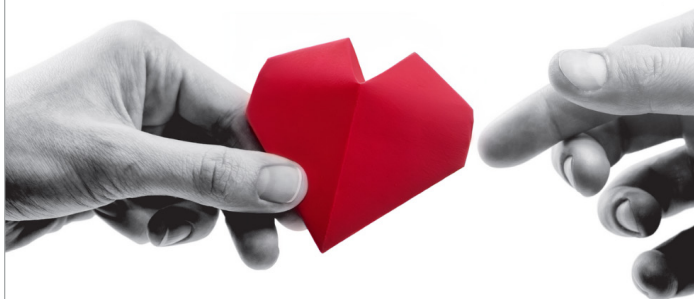
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Regulating AI—A New Legislative Frontier

Mark Micali, The Nonprofit Alliance

Artificial intelligence differs from other tools because it sees new applications and rapidly evolves. As a society and a sector, we are scrambling to keep up with the use implications, considering the positive contributions and the potential risks to our credibility. Determining the extent of autonomy and accountability for AI decisions raises questions of responsibility and control ... and that, naturally, is an opportunity for governmental regulation.

What is the U.S. federal government doing?

Last October, President Biden issued an Executive Order calling for “Safe, Secure, and Trustworthy Artificial Intelligence.” Key provisions of the Executive Order are:

- Requiring developers of the most powerful AI systems to share their safety test results and other critical information with the federal government.
- Protecting against the risks of using AI to engineer dangerous biological materials.
- Establishing safeguards to ensure the US military and intelligence community use AI safely, ethically, and effectively.

In the Senate, the Bipartisan Artificial Intelligence Task Force, co-chaired by Senators Martin Heinrich (D-NM) and Mike Rounds (R-SD), along with its House counterpart co-chaired by Representatives Anna Eshoo (D-CA) and Michael McCaul (R-TX) are digging deeply into the AI issue. While it is easy to criticize Congress for not doing enough on any issue, legislators are trying to get their arms around the AI issue, just as all the rest of us are. At this point, it appears the current Congress will likely not adopt major AI-related legislation before adjournment at year’s end.

The EU was ahead of the data privacy curve with GDPR. Is the same true for artificial intelligence?

The most active activity has been in the European Union. In March, the European Parliament formally adopted the EU Artificial Intelligence Act, the world’s first comprehensive law regulating AI. The Act is broad and introduces sweeping new obligations and restrictions, which will be specified and supplemented with further clarity in the coming months and years. AI systems are classified depending on their risk level. According to this risk-based approach, there are four levels of risk: unacceptable, high, limited, and minimal/none. AI systems that create unacceptable risk—including credit scoring systems and specific predictive policing applications—are entirely banned, while high-risk AI systems are subject to extensive requirements and regulation. Limited-risk AI systems bear few significant regulatory burdens.

The Act is expected to take full effect in 2026 or 2027. However, portions of the Act may apply before year-end. Importantly,


noncompliance could result in fines up to 35 million Euros (\$39 million) or 7% of a company’s revenues, and the Act applies extraterritorially and covers all providers, users, manufacturers, and distributors of AI systems used in the EU market.

As a long-time Washington lobbyist, let me impart some advice. Congress almost always moves slowly. When it comes to AI, no one should wait for their legislators to tell them what to do. Organizations need the involvement of their general counsel, chief information officer, and executive leadership team to develop clear AI policies and protections.

Stay alert and stay tuned! 🇺🇸



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