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PARTNERING WITH SAGE

Sage One

XXX, January xxth , 2016

Agenda

1. Sage

2. What is Sage One?

3. Sage One value proposition for Partners

4. Partners on-boarding

Sage is the market leader for integrated accounting, payroll and payment systems, supporting the ambition of the world's entrepreneurs

Sage began as a small business in the UK 30 years ago and over 13000 colleagues now support millions of entrepreneurs across 23 countries as they power the global economy. We reinvent and simplify business accounting through brilliant technology, working with a thriving community of entrepreneurs, business owners, tradespeople, accountants, partners and developers. And as a FTSE 100 business, we are active in supporting our local communities and invest in making a real difference through the philanthropy of the Sage Foundation.

Key facts about our organization

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Market

**Global company
with over**

13,000

employees

One of the market leaders in the UK, North America, Europe, South Africa, Asia and Brazil

Local presence in 23 countries globally

Finances

Revenue of

£1.4bn

Organic revenue growth of 6% for 2015 (2014: 5%)*

Organic operating profit £380m*

Market capitalisation of c.£6bn

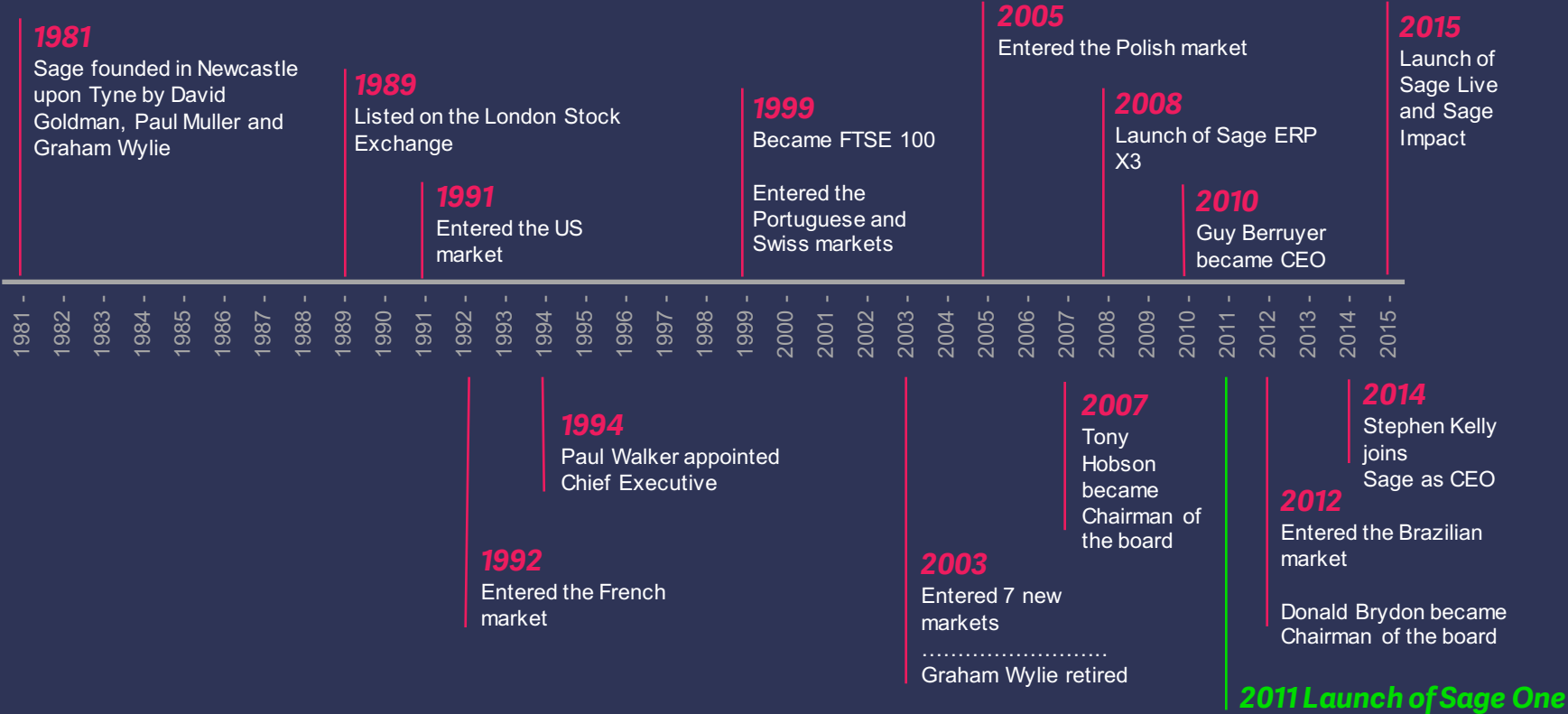## *Customers*

3m

Supporting customers, managing over 30,000 calls each day

Ecosystem including 100,000 accountants globally

* Data for financial year ending 30 September 2015

How we started

1981
Sage founded in Newcastle upon Tyne by David Goldman, Paul Muller and Graham Wylie

1989
Listed on the London Stock Exchange

1991
Entered the US market

1999
Became FTSE 100

Entered the Portuguese and Swiss markets

2005
Entered the Polish market

2008
Launch of Sage ERP X3

2010
Guy Berruyer became CEO

2015
Launch of Sage Live and Sage Impact

1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

1994
Paul Walker appointed Chief Executive

1992
Entered the French market

2003
Entered 7 new markets
....
Graham Wylie retired

2007
Tony Hobson became Chairman of the board

2011 Launch of Sage One

2012
Entered the Brazilian market

Donald Brydon became Chairman of the board

2014
Stephen Kelly joins Sage as CEO

Our three strategic regions

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US and Canada

Strong presence in small business, a market leader in Canada

c.2,200 employees*

Revenue of £477 million*

NORTH AMERICA

UK & Ireland, France, Spain, Germany, Switzerland, Poland, Portugal, Austria, Belgium & a subsidiary in Morocco

One of the market leaders in the UK, France, Ireland, Spain, Switzerland & Poland

c.7,200 employees*

Revenue of £753million*

EUROPE

Brazil, Africa (primarily South Africa), Australia, Middle East and Asia (primarily Singapore, Malaysia and UAE)

One of the market leaders in South Africa, Australia and Malaysia

c.3,600 employees*

Revenue of £206 million*

INTERNATIONAL

* Data for financial year ending September 2015

Our Values

Customers first

Our customers are at the heart of everything we do, they are why we are here and we wouldn't exist without them.

Velocity

We are agile and action orientated; we keep things simple, deliver at pace and over achieve.

Do the right thing

Our colleagues are aligned and we trust each other to do the right thing to enable our customers to succeed.
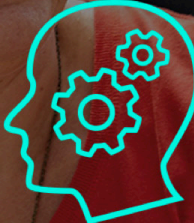
Innovate

We create new ways of doing things and deliver innovative solutions which our customers need to help their businesses grow.

Make a difference

Sage is a great place to work and our colleagues make a positive difference to local communities by relentlessly supporting our customers and their businesses to be successful.

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Simply Sage One. Easy to use, on the go, allows me to literally "mind my own business".
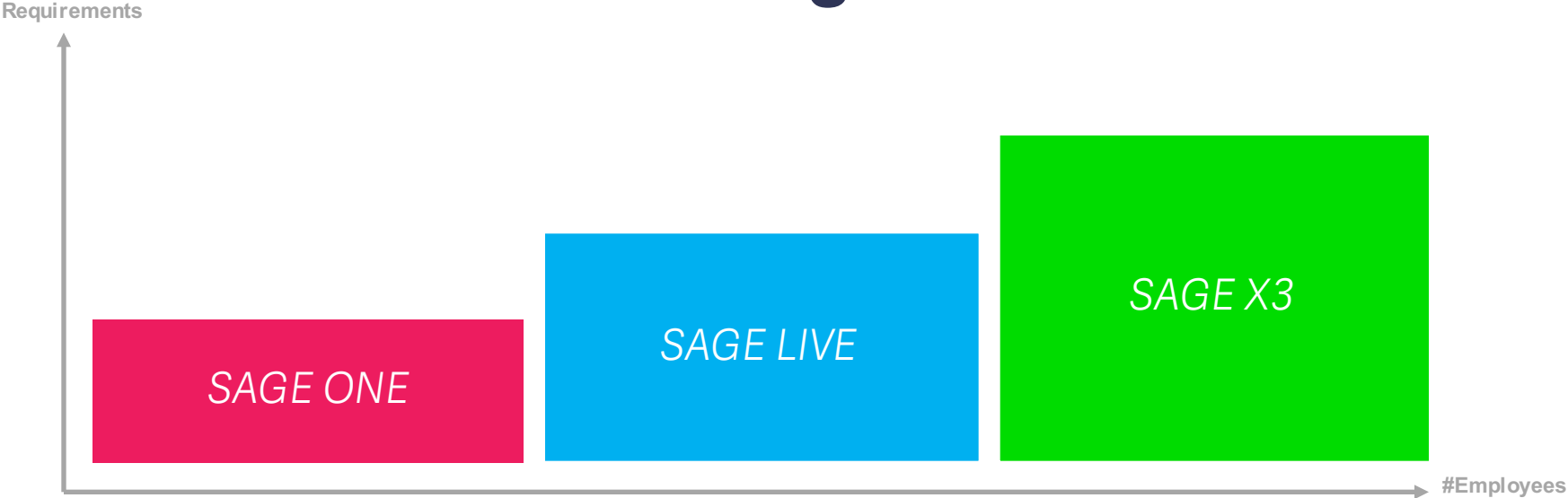
Our Footprint

United Kingdom · Ireland · Deutschland · España · Portugal

Schweiz / Suisse · United States · Canada · France · South Africa

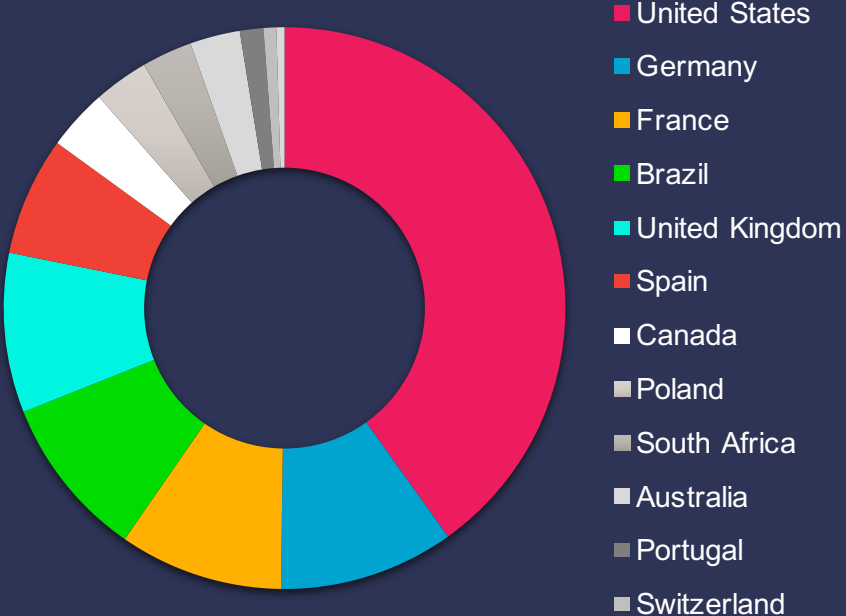Africa · Malaysia · Brasil · Australia

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Our Personas

Side-preneurs

I'm doing business as well as my job and I just need basic income and expenses.

Independents

I'm a sole-preneur, I'm successful and need invoicing and sales tax submission.

Local-heroes

The business has grown, I need good information for decision making and business management.

Growth

Successful and on the verge of Sage Live I'm now Trying to optimise performance and need reporting flexibility.

Sage One Customer Value Proposition

Simple & Easy
I can manage my business easily without the learning curve, tax returns & collaboration with my accountant are effortless and accurate.

Real time
I can manage my business on the go on the device that is most relevant for my context.

Service
I am supported by an award winning service proposition.

For life
I can start with Sage and grow with them.

Sage Customer Feedback

(Impact: independent research)

Sage One Portfolio

Sage One is a range of products and mobile applications varying by geography

For Small Businesses:
(1 – 9 Employees)

- **Simple Accounting**
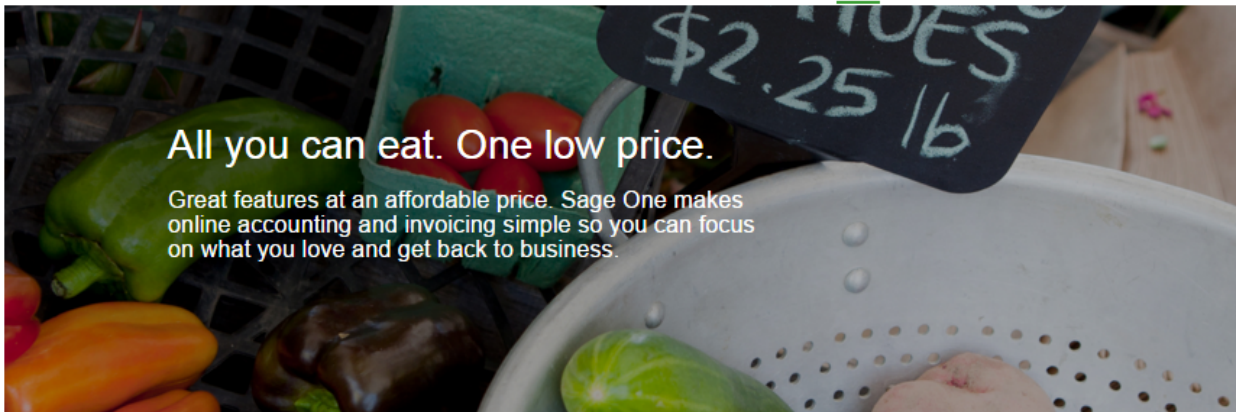 - **Payroll**

For Micro Businesses:
(0) employees)

- **Invoicing**
- **Cashbooks**

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Affordable Pricing

Sage One GTM

Ecosystem:

Accountants
We are leveraging our 100k installed base as well as recruiting a new wave of online accountants through the development of partner propositions and partner marketing.

ISV Partners
Sage One has a rapidly expanding list of ISV partners who are.

APP Stores
As we build out the mobile apps and in app nurture we will increasingly leverage appstores for customer acquisition.

Social
Our go to market strategy is increasingly social

Global Partners
We will work with partners to innovate and energize the success of our customers.
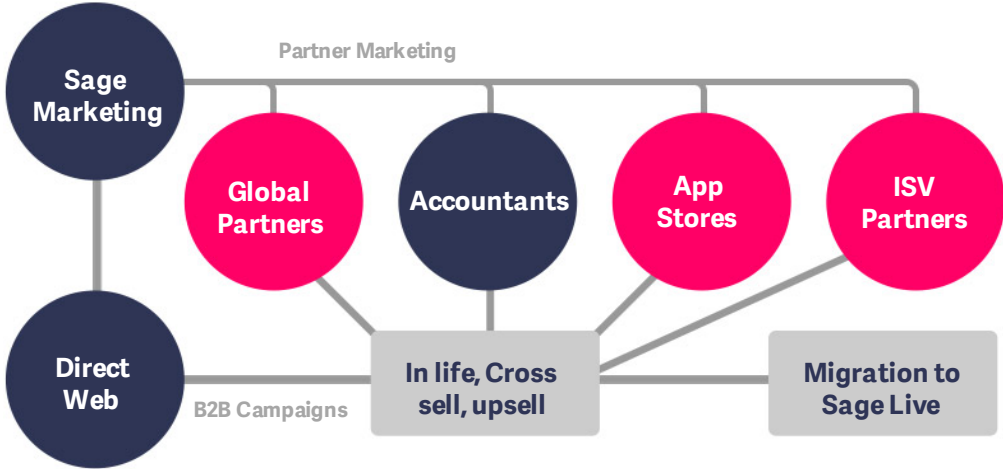
Partnering with Sage One

Be Core

New generation of entrepreneurs and start-up thinks accounting software as a must have.

Provide value add with a service that is relevant to all.

Add Value

Be smart, be bold and differentiate from competitors with core solution for you customers.

Save your customers two days a month.

Retain

Accounting and Payroll software is 'sticky' & propositions become stronger as the offer deepens/

Create a strong tie in to your offer.

Align

Sage is known as a Small Business Champion with a great reputation for professionalism and service.

We are seen as a reliable brand.

Amplify

20,000 engaged Business Partners 100,000 Accountants, Established Strategic Alliances and API Partners

Global reach:24 countries across North America, South America, Asia, Africa, Europe and Australia

Sage One Partners
Join a growing club

SAGE ONE
PARTNER ON-BOARDING
Current State

How Accountants sign up clients today

Different UI and process in each Sage One country. UKI is most developed solution

1. **Individually: Normandy – Cashbook, Payroll 5**
Using the 'Sign up a client' hyperlink
3 clicks plus minimal data entry to send client invite

2. **Via multi-client import**
Process involves accountant and Sage One Admin team

| Send accountant spreadsheet | Accountant enters client details and accepts T&Cs | Sage One Admin completes and saves spreadsheet | Sage One Admin uploads the data by locating the correct saved file | Sage One Admin checks the data & informs the accountant re: success |
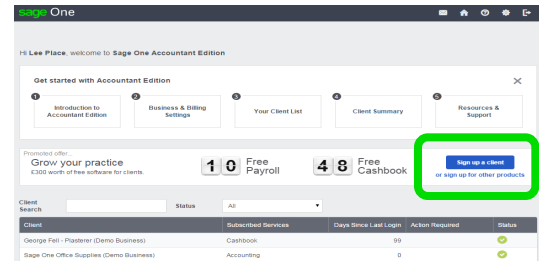
JWT (JSON Web Token) current on-boarding method

This is a provisioning service that enables customer sign up to Sage One to be implemented directly into a VAR website, making it a one-click experience. An example would be a banking institution who would like to offer its customers an accounting solution as part of its small business package.

VAR undertakes ½ day dev work to enable the provisioning of Sage One directly via its own website

Customer signs into VAR website

Customer decides to Sign Up to Sage One via VAR website

No details required – existing customer details are copied over & customer is signed in directly

VAR is responsible for the billing to the client. Sage send VAR a report & bills the VAR monthly

Short 2.5 minute Video to describe the JWT on-boarding method.

Challenges with JWT to provide scalability

Automate reporting of new sign ups and cancellations, in month, by partner – additions & canx report

Automate reporting of 'active' customers, by month, by partner – Subscribed customer report

Define accountability for the manual invoicing of the partner

JWT is currently available in:

Our existing co-branding solution

This is a branding service, performed by a Sage One Administrator, that allows a partner to co-brand the Sage One applicati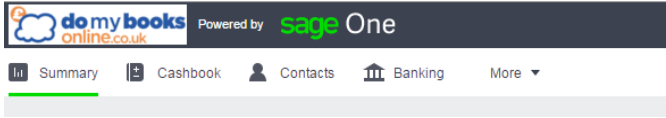on for its customers. There is no change in the functional behavior of the application, the changes are only to the branding visible to the end-user.

Partner provides Sage One with a company logo and a desired logout url

Sage One design team make any required property amendments to the logo

Sage One Administrator enables the co-brand from within the administration portal

Partner receives a unique url link to share with customers via its website

When customers login to Sage One via this url, they will see the co-branded version of the application

Manage ▾ **New User**
Migration Status Report
Promo Codes
Activation Codes
Beta Users
Call Categories
Call Groups
Manage Co-Brands
Manage Resellers
Administer Accounts
Administer Accounts Extra
Administer Accountant Edition

sage One
Cobrands

Name*
domybooks

Logout url*
http://www.domybooksonline.co.uk/

Link
https://app.sageone.com/cobrand/domybooks

Co-Brand Logo:
do my books online.co.uk

do my books online.co.uk Powered by sage One

📊 Summary   📄 Cashbook   👤 Contacts   🏦 Banking   More ▾

Co-branding is currently available in:

ISVs onboarding with Sage One APIs

APIs – What is it for?

Sage One APIs will enable 3rd parties to create desktop or web applications which integrate with Sage One data and business logic. An example would be a 3rd party who wanted to use Sage One for invoicing could write a client integration that performed Create, Read, Update and Delete operations on entities that exist in Sage One (contacts, invoices, products). Sage One's own mobile applications are built utilizing the Sage One API in addition to several other partners.

Current onboarding process with APIs

ISVs are asked to open developers account on the Sage One API portal and follow the below process.

| ISV developers create dev accounts and get API keys | Sage One R&D team provides Live account environment | ISVs create app using Sage One API & perform integration testing | ISVs app provides customized UX to the customer by using Sage One API | Sage One Accounting product is enabled for the customer |

APIs are currently available in:

Sage One APIs
Available versions & offerings

API Versions
Version 1 and 2 of the API are currently in production and V3 (single global API) is in development.

Salient features of each version:
v1 API (in live) – the original version based on the UKI Accounts application and extended to support the release of Sage One Accounts Extra (now know as accounting)
v2 API (in live) – the second iteration was produced to support the roll out of the Sage One mobile application and contains a number of extensions and localizations for Sage One countries.
V3 API (in development) – the third iteration supporting GAC only as a singular global API

Available entities/data
The current entities are available through the API, for a complete detailed list please see the API documentation.
Account Types, Bank Accounts, Contacts – Customers/Suppliers, Products, Ledger Accounts
Purchase Invoices, Purchase Credits, Sales Invoices, Sales Credits, Sales Quotes, Settings

Fine prints on APIs current status
The API exposes/covers the majority but not all of the functionality in Sage One, for a detailed view of the API please see the API documentation.
The API can only expose functionality that exists in the main application.
The API only provides access to business data and does not allow 3rd party clients to configure or customize the web user interface.
The API does not support push notifications to client applications.
The API is not a Sage App store.

Target Market

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- Sage One Market is 70 million businesses.

- Typically 0 – 9 employees, often more.

- 60% not yet using accounting software.

- Our customers value simplicity, ease of use, time saving and not having to worry about compliance.

- All sectors are well represented

- Our strongest presence is in services and retail
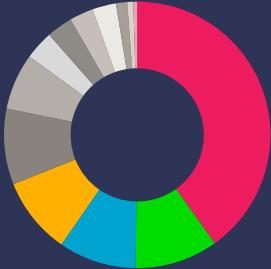
■ United States

■ Germany

■ France

■ Brazil

	0	1-9
Australia	1,252,958	748,888
Brazil	2,720,068	3,766,195
Canada	1,545,340	903,212
France	5,439,035	1,107,329
Germany	5,502,094	1,497,929
Ireland	204,597	119,317
New Zealand	161,421	327,792
Poland	1,389,561	789,560
Portugal	631,733	306,202
South Africa	1,311,048	700,192
Spain	3,423,360	1,318,542
Switzerland	367,256	143,520
UK	5,337,827	1,041,567
United States	23,614,338	4,234,435
	52,900,635	**17,004,680**

■ AAMEA   ■ North America   ■ Europe

Customer Personas

Secondary research has identified around 5 different customer segments in the Sage 1 space, but probably only 4 different needs across these segments:

Segment Description

Needs

Dabblers

Not "real" businesses. Part timers who need to be able to declare earnings and file a tax receipt. 21% plan to close the business in the near future.

Basic income and expenses

Independents

Owner / manager of a small internet dependent business. Accounting need is limited, however needs to send and keep track of invoices as well as keep basic financial records. 48% are dependent on the internet for their business, 51% want to grow their business but only 4% by taking on staff.

Basic accounts functionality such as VAT submission and basic invoicing.

Locals

These operate low-tech businesses which serve their local community. They earn a modest income and many are close to retirement. Business is about lifestyle, with 70% not expecting to grow in the future. 30% say that low levels of stress is a key driver for them.

Ability to pull a full set of management accounts and use financial data to drive decision making.

Survivors

Businesses that have survived the first few years but are not yet established. Owners earn less from their business, and are more likely to be younger. 48% work >45 hours per week, 25% earn less than £25k per year and 8% are making a loss.
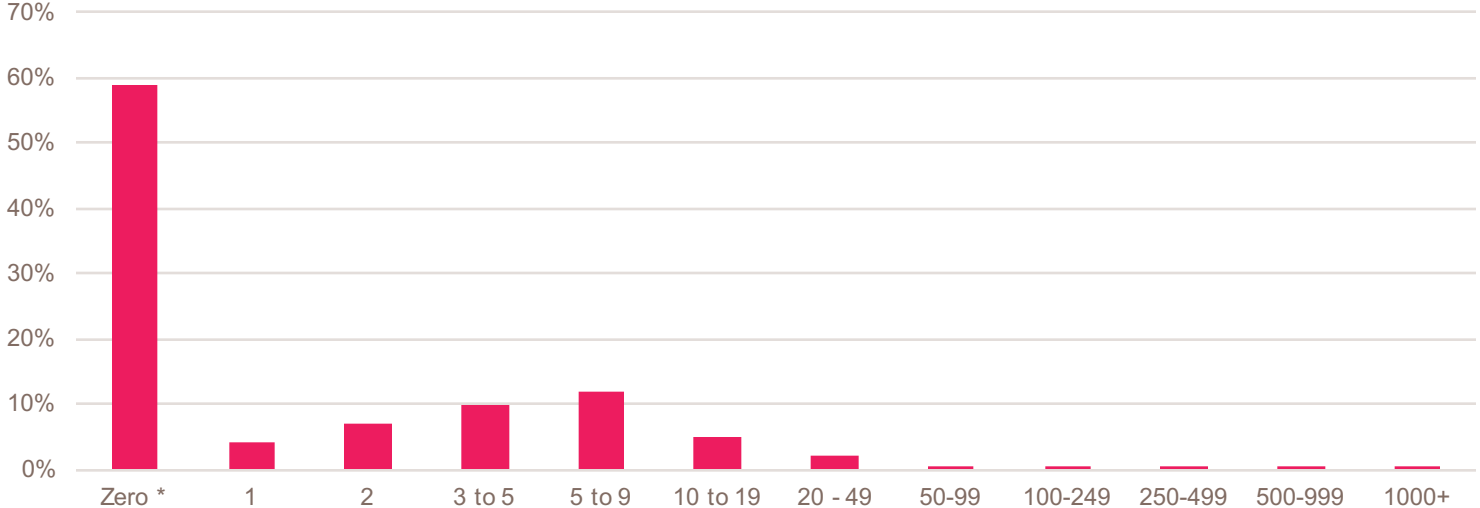
Classicals

These are more developed businesses which are established and now trying to optimise performance, They are bordering on Sage Live customers, with greater need to manage information and wanting access to extra tools. However they still have simple accounting needs and a single owner / manager who is a generalist.

Basic accounts functionality such as VAT submission and basic invoicing.

Increased customer willingness to pay, increased management information needs, & greater value delivered through S1
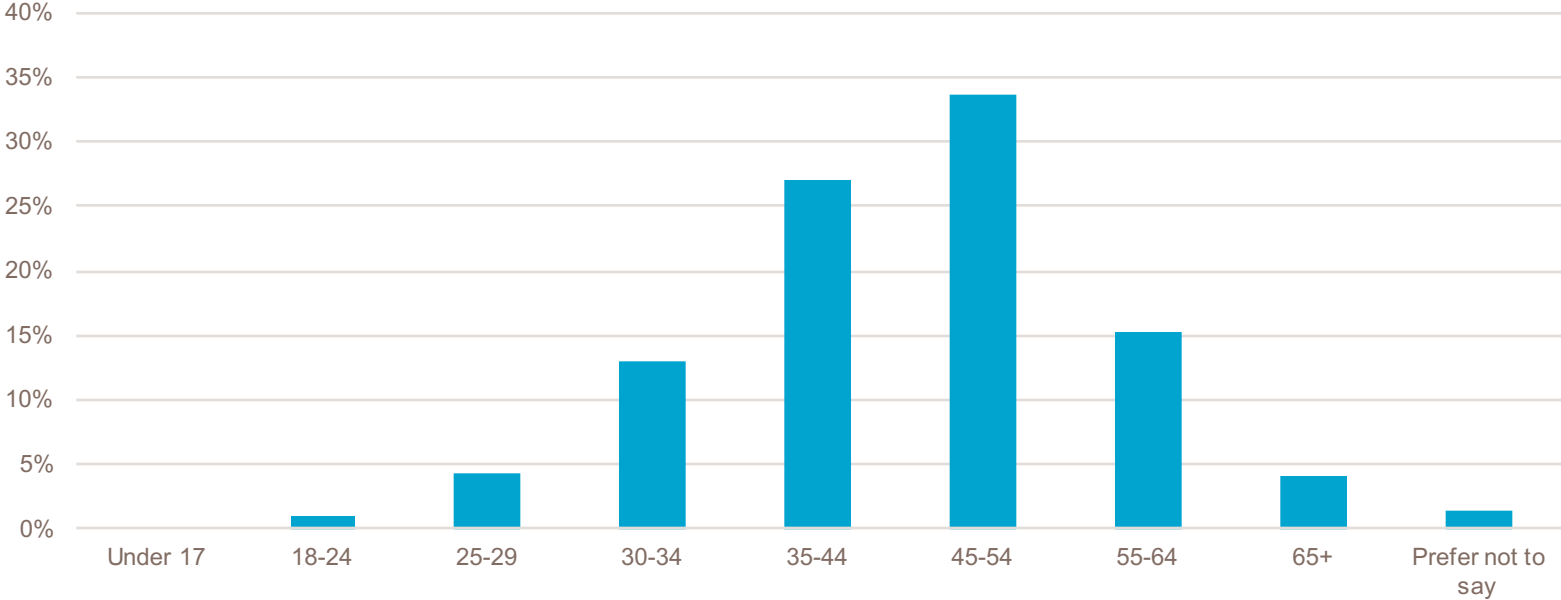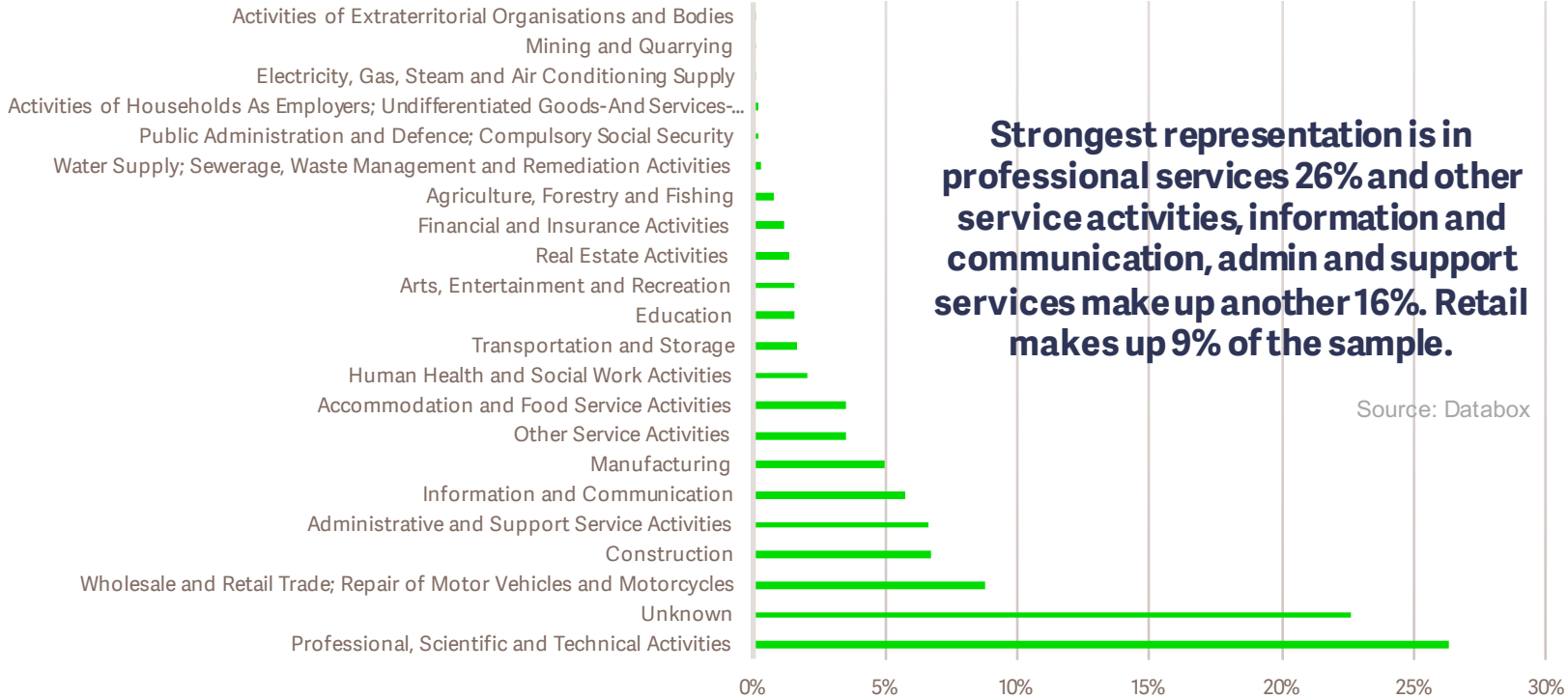
Source: "Salvation in a start up? The origins and nature of the self employment boom", RSA Action and Research Centre and Etsy, May 2014

Sector

Activities of Extraterritorial Organisations and Bodies
Mining and Quarrying
Electricity, Gas, Steam and Air Conditioning Supply
Activities of Households As Employers; Undifferentiated Goods-And Services-...
Public Administration and Defence; Compulsory Social Security
Water Supply; Sewerage, Waste Management and Remediation Activities
Agriculture, Forestry and Fishing
Financial and Insurance Activities
Real Estate Activities
Arts, Entertainment and Recreation
Education
Transportation and Storage
Human Health and Social Work Activities
Accommodation and Food Service Activities
Other Service Activities
Manufacturing
Information and Communication
Administrative and Support Service Activities
Construction
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles
Unknown
Professional, Scientific and Technical Activities
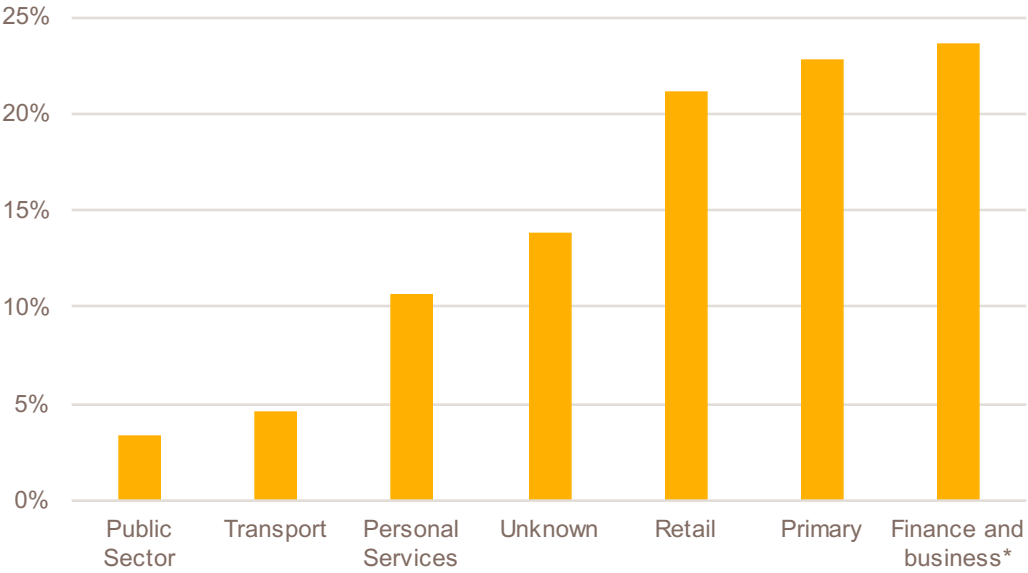
0%   5%   10%   15%   20%   25%   30%

Strongest representation is in professional services 26% and other service activities, information and communication, admin and support services make up another 16%. Retail makes up 9% of the sample.

Source: Databox

Sector

Strongest representation is in Finance and Business* This with Personal Services is 35% of the base.
Retail is 21% (*Excludes the Sage Accountant Base)

Source: Experian