



Distribution

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Routes to Market

- Sage uses several channels to reach our customers
- As might be expected the more complex the product, the more involved and time consuming the sale and the greater the level of product knowledge required
 - At the entry-level, products are sold through all channels that are available
 - Lower mid-market products are generally sold through one of our network of business partners
 - Upper mid-market products are sold through high end business partners, or Sage becomes involved in a direct relationship

Sage Channels

Retail / Volume

DSG – PCWorld
Amazon
Dabs Direct
Gem Distribution
Staples
Barclays

Typical customer
profile;
Startup to 50 emp.

Business Partner

Volume BP's
S50 Suite
Mid Market BP's
S200 Suite
Key Accounts
S200/S1000 Suites
CRM

Typical customer
profile;
10 – 1000 emp.

Hybrid

Sage & BP work in
collaboration to
service larger
more complex
organisations

Typical customer
profile;
500 – 1000+ emp.

Retail/Volume Channels

- Retail stores such as PC World and Staples provide the customer with high availability of the Sage Instant and Sage 50 product ranges along with basic in-store advice and immediate product availability
- e-Tailers such as Amazon and Dabs provide availability of the Sage Instant and Sage 50 product ranges to order online for immediate despatch within the UK
- Distributors such as GEM and SP Jennings allow smaller independent consultants or small independent traders to order the Sage Instant and Sage 50 products for resale
- Barclays supply the Sage Instant product range as part of their business banking solution

Business Partner Channel (VAR's)

- Sage started its life distributing product via independent resellers or VAR's (Value Added Resellers)
- The reseller channel now numbers in excess of 1500 and are now referred to as Business Partners or BP's
- The Sage BP's add value to a Sage sale by providing, business advice, support, installation, training and often customisation of the Sage software or integration to other systems within a customers business
- At the volume end of the channel Sage Business Partners sell Sage Instant and Sage 50 and will be typically expected to sell at least one product per month with some shifting large volumes on a monthly basis – There are around 1000 BP's that match this profile
- There are around 500 partners that resell either the Sage 200, Sage 1000 or CRM product ranges, these are referred to as Mid Market solutions. These software solutions are almost exclusively available via the BP channel and are in most cases customised to suit a customers requirements. Local support including on-site service is often a prerequisite for a customer looking to buy a Mid Market solution

The Hybrid Model

- Some larger organisations choose to deal direct with the vendor in the first instance rather than a BP
- The Sage Corporate sales team would engage direct with the customer and often involve a BP in the latter stages of a deal to assist with the implementation and local support

Sage Developers

- Sage has a large developers programme with in excess of 300 members
- Sage developers are either ISV's or existing Sage BP's who have integrated their applications closely with Sage to provide a seamless customer solution
- Applications cover a wide range of industries from Manufacturing to Farming and Agriculture
- There are over 1000 applications/add-on's closely integrated with the Sage software range

Business Partner Margins

Product	Discount	S200	CRM	SLX	S500/1000	Multi-product
Base Margin	40%	Target	Target	Target	Target	Target
One	2.5%	25,000	40,000	60,000	80,000	80,000
Two	5%	60,000	60,000	80,000	150,000	150,000
Three	7.5%	120,000	100,000	120,000	250,000	250,000
Four	10%	200,000	150,000	200,000	350,000	350,000
Five	15%	300,000	200,000	300,000	500,000	500,000

Sage Support for Business Partners

- Field and Tele Account Management
- Online Business Partner portal, product/pricing advice
- Order line
- Lead generation programmes
- Collaborative marketing programmes
- Regular conferences/regional events
- Training and Accreditation programme
- Sage Finance

Sage Channel Summary

- One of the largest single sources of new customer acquisition for Sage (52% new licence sales)
- Extended network of over 7,500 staff centric around providing and supporting Sage products
- Able to add value, hardware, support, installation, training, customisation and integration to 3rd party software
- Large developer network in excess of 1000 applications/add-on's
- Local presence

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Q&A