

MARKET NOTE

Sage Launches its Ecosystem-Focused ISV Marketplace

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EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Sage Launches Its Ecosystem-Focused ISV Marketplace

This IDC Market Note provides a brief recap and perspective about the new Sage Business Cloud Marketplace, which is revamped by Sage and launched in the U.S. and the U.K. markets in January 2020. This initiative represents Sage's extended channel investment and focus, with online-based go-to-market (GTM) functions and support programs to help fuel partners' cloud transition. The new marketplace will also be a key catalyst to leverage Sage's ecosystem strategy.

Key Takeaways

- The new marketplace will be key to enable further momentum around Sage's software-as-a-service (SaaS) subscription business.
- The onboarding of ISV partners' applications to the marketplace would optimize Sage's portfolio, helping the vendor deliver improved solutions to address customer demands.
- Relaunching the marketplace is a critical beginning for Sage to create further commercial opportunities with support from partners. This brings optimism for strengthening its ecosystem.

Source: IDC, 2020

IN THIS MARKET NOTE

This IDC Market Note analyzes the new Sage Business Cloud Marketplace, which is available for the U.S. and the U.K. markets as of January 2020. It signals Sage's ambitious outlook of becoming

a leading SaaS vendor to deliver more complete solutions around its expertise in finance, accounting, human resource, and payroll via an ecosystem centered around the new marketplace platform.

The marketplace currently hosts 128 applications across the U.S. and U.K. Current offerings are mainly provided by third-party ISVs within 19 different categories, such as data integration, invoices and expenses, reporting and forecasting, and cashflow tracking specifically for small and medium-sized businesses. Sage also unveiled the marketplace will soon go live in Canada by September this year. Other potential countries for the marketplace to target include South Africa, France, Germany, and Spain, where Sage has already seen growing customer demand.

IDC'S POINT OF VIEW

Sage looks to use the new Sage Business Cloud Marketplace as the foundation to expand the ecosystem available to customers and partners. It aims to create opportunities to drive additional recurring revenue while providing improved customer and partner experience. Sage maintains that its marketplace offers a centralized platform with functionalities to simplify partners' activities around subscription management, revenue reconciliation, onboarding process, channel sales, and billing services. This indicates Sage's support in the transition to a cloud/SaaS business model across its partner ecosystem, providing tools and platforms to assist those currently focused on on-premises and desktop-based applications. The vendor hopes this new marketplace will enable significant growth potential, help Sage maintain its focus on SaaS, and elevate its subscription business. Sage confirmed the marketplace expansion is a top priority as its focus on recruiting cloud applications will continue. Currently, around 70% of total applications in the marketplace are cloud based, which IDC expects will expand rapidly as curated marketplace app onboarding grows.

A challenge facing customers is identifying and choosing the right applications for driving business innovation. This is another key reason behind the new Sage Business Cloud Marketplace launch. IDC believes the marketplace will help enhance the Sage Business Cloud portfolio, as it enables ISV partners to sell their complementary applications and integration offerings directly to channel partners and end users. Offerings on the marketplace may be packaged with Sage core products, including Sage X3, Sage 300cloud, Sage 200cloud, Sage 100cloud, and Sage 50cloud. This helps Sage deliver enhanced solutions for addressing customers' growing demands and deeper specialization.

Sage understands the necessity of a partner program in bolstering its marketplace initiative. Its ISV Partner Program has a core enablement function and works closely with the marketplace to facilitate ISV partners' development. The program categorizes ISVs into three tiers:

- **Marketplace ISV partners** provide more specialized apps. They are onboarded to the marketplace with marketing profiles, simple search discovery, and Sage.com promotion to generate online leads and customer reviews/ratings, with the opportunity to elevate their partnership tier based on success.
- **Champion ISV partners** complement Sage's business solution GTM strategy. They are provided with a suite of marketing assets and GTM enablement supports to ensure Sage sales and partners can effectively sell with, promote, and generate qualified leads for ISV partners.
- **Rockstar ISV partners** are included in Sage business cloud propositions. They are provided with a suite of marketing assets, programs, and GTM enablement so they can dovetail into Sage's direct, ecommerce, and partner sales channels and be effectively sold within business solutions as products on the Sage price lists.

The ISV partner model is designed to motivate ISVs, advocating for their growth from the Marketplace level to the Champion or Rockstar tiers. This will provide marketplace applications with higher traction and customer reviews, helping vendors benefit from Sage GTM supports and unlocking further incentives and commercial opportunities in the marketplace.

Sage has aimed to become a trusted provider to businesses leveraging its ecosystem to help differentiate its expertise. A vibrant ISV ecosystem is a key component in this. To this end, Sage has launched application programming interfaces (APIs) for better app and data integration, enabling ISVs to create more applications with niche and specialized features around core Sage offerings. This will help increase customer experience and strengthen stickiness.

The new Sage Business Cloud Marketplace launch is a means for Sage to enable co-creating and co-selling with partners to address the increased complexity in customers' new business propositions. Sage needs to continue its investment in the initiative, expanding ISV acquisition to increase global reach as well as vertical and horizontal coverage. It also needs to ensure that the marketplace can efficiently host the entire sales cycle as a single gateway to digitally align ISVs, partners, and customers on the same page.

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Related Research

- *IDC Worldwide IT Channels and Alliances 2020 Predictions* (IDC #WC20200130, February 2020)
- *AWS re:Invent 2019: Would You Like That AWS Cloud "To Go"?* (IDC #US45723519, December 2019)
- *Cisco Partner Summit 2019: Aligning Partner Value with Customer Experience* (IDC #US45669919, December 2019)
- *Google Cloud Targets Enterprises with Enhanced Features* (IDC #EUR145739719, December 2019)
- *Red Hat EMEA Analyst Day 2019: A Holistic Approach to Digital Transformation* (IDC #EUR145594519, November 2019)

Synopsis

This IDC Market Note provides our observations and analysis of the recent launch of the new Sage Business Cloud Marketplace in January 2020 for the U.S. and the U.K. markets.

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