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PRESENTATION

Operator

Good day, and welcome to the Sage Q1 Trading Update Conference Call. Today's conference is being recorded.

At this time, I would like to turn the conference over to Steve Hare, Chief Financial Officer. Please go ahead, sir.

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

Thank you very much, and welcome, everyone, to the Sage Q1 FY '18 Trading Update. I'm going to start by making a few brief introductory comments, and then we'll get straight into Q&A.

As we disclosed in the trading statement, the Q1 group organic revenue increased by 6.3%, and the recurring revenue grew by 7%. This was underpinned by software subscription growth of 26%. The SSRS revenue increased by 4%, reflecting continued strong performance in training and services, and also Sage X3, which we will be renaming Enterprise Management, which was offset by a decline in other licenses.

If we look regionally, we've been very encouraged by the progress made in North America in Q1. This reflects strong performance across the board in both the U.S. and Canada as well as Sage Intacct. This is a combination of strong leadership in the region and traction in Sage Business Cloud, which is driving accelerated growth in this highly cloud-adoptive region.

France, however, continues to significantly underperform relative to the group, as we indicated it would at the time of our year-end results. This has had an impact on both group organic revenue and group recurring revenue, including software subscription. New management is now driving the recovery plan, and we are confident of a stronger performance in the second half.

We take our commitment to the cloud very seriously, and the launch of Sage Business Cloud at the start of this financial year is integral to our strategy. As we indicated at the time of the year-end results, in order to ensure successful execution of Sage Business Cloud, in the first quarter, we have focused on training our colleagues on selling solutions in the cloud on subscription. This time away from interacting with customers has resulted in a short-term slowing in revenue growth, particularly in recurring revenue. We are confident that this investment in our colleagues will yield acceleration in the remainder of FY '18 and indeed beyond as we drive successful execution of Sage Business Cloud.

We do expect a stronger second quarter, especially as we will recover the revenue that was delayed from Q1, and with less time focused on training. And we reiterate our full year guidance of around 8% organic revenue growth and around 27.5% organic operating margin.

We are holding our 2018 Capital Markets Day tomorrow at Warwick Business School here in London Bridge. And I'm very much looking forward to seeing many of you there where we will share our plans for further acceleration in revenue growth over the next few years.

So I'm going to go straight to Q&A now, but please keep all questions focused on Q1 at this time as I won't be giving out any signposts to what we're going to talk about on Capital Markets Day when we meet tomorrow.

So thanks very much, and we'll move over to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from the line of Stacy Pollard of JP Morgan.

Stacy Elizabeth Pollard - *JP Morgan Chase & Co, Research Division - Head of Software and IT Equity Research*

Just looking at France, can you discuss what gives you confidence that you can improve that throughout the year? And then just on North America, can you tell us how much of -- or rather, Intacct makes up what percentage of the North American revenues?

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

Sure. So -- and hi, Stacy. So I think if we take France first, so I think there's a couple of things. First of all, we have a new Managing Director, Laurent Dechaux, who only started at the beginning of the quarter. So he's made some -- a very strong start, but things take time to bed in. I think secondly, we've flagged a few times that in the second half, the comparator becomes more -- becomes an easier comparator because of these upfront fees that we've charged in previous years where we've migrated to subscription. And that becomes a -- we stopped doing -- or we phased that out. So in the second half, the comparator becomes easier. And I think across the board in France, the management team are focused both on continuing to drive the Enterprise part of the business, so the X3 part of the business. But also, France has got now the cloud connected versions of their product. So for Sage 100, for example, they now have Sage 100c. Now France is one of the countries who was very early in terms of migrating their customers to subscription. But in those early days, they migrated their customers to subscription, but they were still on on-premise products because we didn't have the cloud connected products at that time. So France now have the opportunity to drive another wave of growth by really moving their customers into Sage Business Cloud and also, at the same time, continuing to drive what is a reasonably significant Enterprise business because half the X3 business is in France. On your second question about North America, the proportion of Intacct is about, so I'll just have a look at that, 20% of the total -- 20%, 25% of the total revenue. But I should emphasize, in terms of the signaling we're saying about the strong performance in Sage Intacct, the change is really the core of the business. So it's not -- Sage Intacct continues to perform strongly, but that isn't the change; the change in Q1 is that the core business, so the migration to Sage 50c, the migration of the Sage 200 family to cloud connected versions and also X3 have all shown progression. And also, Canada has been a bit of a standout performer in the quarter as well. I think maybe the other thing I should point out linked to this is when I talked in my opening remarks about how the sales training had meant there was a sort of slowing of revenue, I should point out that, that does not impact Sage Intacct or Sage People because they have already -- they're already ahead in this regard. So the area that it really impacts is our existing business, particularly those teams who are selling and upgrading the existing installed base on both Sage 50 and, to some degree, training partners on Sage 200 upgrades to Sage 200c as well.

Operator

Our next question comes from the line of Mohammed Moawalla of Goldman Sachs.

Mohammed Essaji Moawalla - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Steve, can you just perhaps add a bit more color around the sort of pace of reacceleration you anticipate? So should we see sort of a reacceleration back sort of closer or above kind of the full year expectation in Q2? Or will it be more sort of back-end loaded?

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

Yes. Mo, so I think -- look, the way I'm thinking about it is, as we said at the year-end results, it is going to be progressive. So it's not suddenly going to come back to the sort of year-end type guidance by the year-end, but -- sorry, by the end of the second quarter. But if you do -- if you sort of do the math, for us to get to our year-end guidance, Q2 needs to be closer to that level than Q1. So it's reasonable to assume that you're going to see a first half that's sort of moving towards that, more around the kind of 7% mark. I mean, also, look, the numbers are small here, right. If you take Q1, another GBP 2 million or GBP 3 million, and we'd have been at 7% growth. So now I'm not -- well, obviously, we didn't achieve another GBP 2 million or GBP 3 million, but I'm saying these numbers are small. So -- and if you look at the impact that we had of our sales training, I'm very confident we'll see that come back. I've already seen in January some signs that -- well, in both December and January in terms of the run rate, so I'm very confident that when we get to the first -- the end of the first half, we'll be able to show the appropriate momentum that will then give confidence to be able to look forward into Q3 and Q4 and see how we will get that path to the full year guidance. And also, as we get into Q3, Q4, you'll then start to see the evidence of France starting to make a contribution to that recovery.

Operator

We are now going to move to our next question from Tom Burlton of Bank of America Merrill Lynch.

Thomas Burlton - *BofA Merrill Lynch, Research Division - Associate*

A few of mine have already been asked, but just wondered perhaps on the margin. You reiterated the guidance for 27.5% for the full year. I just wondered, in terms of the Q1 performance, how this Q1 perhaps affects your thinking there or perhaps affects the phasing of that margin guidance or any other expectations there around hitting that level for the full year.

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

Sure. So as in previous years, we don't disclose the margin on a quarterly basis. We also only guide to the year as a whole. But we do -- I am very clear that in the first half of the year, we always invest upfront to drive the growth later in the year. So as last year, you can expect that the H1 margin will be below the full year guidance, probably something very similar to where it was last year. But I think we've shown we've got a good track record of driving cost savings. And I think we have a good handle on both the cost savings and, therefore, the cost structure. And so whilst the margin will be lower in the first half, I'm very confident we will achieve the guidance that we've set out for the full year.

Operator

The next question comes from the line of David Toms of Numis.

David Iain Toms - *Numis Securities Limited, Research Division - Analyst*

Steve, in terms of the sales time lost, which appears to be a large part of what drives your confidence for the rest of the year and the negative impact on Q1, can you quantify that for us against last year? I don't know whether that's to do with your sales hours or salespeople that weren't available, or what percentage of their time was lost for this training, but some form of quantification to enable us to try and share your confidence that it will all come back in Q2 and H2.

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

Sure. So I think -- look, I think there's probably 2 ways that I would characterize it. And what we're really talking about here is although it had some -- it had a little bit of an impact on the Enterprise sales team. What we're really talking about here is the team on the phones. We're talking really about the teams that sell Sage 50, in particular. Some impact in terms of training partners on Sage 200, but the real impact is Sage 50 and the telesales teams. And what we've done in the past is we've -- in a number of countries, U.K., U.S., we've had split teams. So we've had teams who've really focused on loyalty, focused on renewal and we've had teams that have specialized in really selling upgrades. And what we've done is we brought the teams together. And what we're doing is we're trying to train everyone to sell the upgrade to cloud on subscription. So we need everyone to be talking to the customer about the solution and the advantages of being in the cloud on subscription. So we did most of that training in October. Now not everyone was off the phones at the same time, but that training rollout took place over most of October. Now I would say -- and look, these things are very difficult to quantify because obviously people make up time and so on and so forth. But I would say that, as I indicated before, look, another GBP 2 million or GBP 3 million, we'd have been around 7%. If I were sat here on this call saying that we'd made 7%, i.e., we hadn't had people off the phones for that period of time, that would kind of probably add up in my mind. Now I don't want to sit here and say we missed -- we would have had another GBP 2 million or GBP 3 million if only we haven't had the training because that's a very subjective comment. But I think in a 90-day period, we probably lost a couple of weeks' worth of effort and particularly when you're driving migration because this is what these teams are doing. These teams are calling our customers and talking to them about the benefits of upgrading to Sage 50 cloud. And that's obviously a bit of a volume game. And if you lose a couple of weeks on the phone, we will make it up because we can -- we're getting better at it, we're getting more productive, and that's why I'm confident as we go into Q2. And also, I can see the run rate in November and December. So I can see that in November, we were starting to get back on track. And then I can see in December that we're at the sort of -- I'm starting to see the benefits of that training. So that's how I think about it and that's why I'm confident.

David Iain Toms - *Numis Securities Limited, Research Division - Analyst*

And just a follow-up on that. I mean, you said that the U.S. business was actually very strong in the sort of the core Sage historic business. Was there no retraining in the U.S.? Or is there a reason that there wasn't an impact from this retraining in the U.S.?

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

So -- yes, so there was retraining. They were a bit more advanced in some of the pretraining that they'd done in Q4. So although they did training in Q1, they didn't have to do quite as much. And the other thing that happened in the U.S. is in the U.S., we have a kind of more diversified portfolio. So we have a number of other areas. Sage 50 is very important. But Sage 200, I think I said in the year-end results, for the first time, we'd been sort of encouraged that our Sage 200 -- well, Sage 100 and 300, partners had really started to embrace the move to the cloud. And we saw further acceleration of that in Q1. And we also saw -- I've referred in the past to business -- parts of the business in the U.S., like our construction real estate business and our fixed asset business, which were a drag on growth. And the construction real estate business, in particular, had a much better quarter in Q1 than it did in Q4, so that contributed to it being less of a drag. So across the board, it wasn't one thing in the U.S. There was just a good improvement across the board, but the Sage 50 team probably a bit more advanced compared to the U.K. team in terms of their ability to sell the upgrade.

Operator

James Goodman of Barclays, please go ahead.

James A. Goodman - *Barclays PLC, Research Division - Research Analyst*

On the -- sorry to come back to France, but could you comment on the magnitude of the year-on-year decline in the quarter in France, if indeed it did decline? I think you're expecting it to be stable in the first half of this year. Is that still the case? And also, is the competition just stepping up there under, I think, Pascal's leadership? And my follow-up question is did you reassess your tax outlook at all during the quarter?

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

Sorry, what was the second part of the question? Tax outlook, okay. Yes, yes, yes. So if you take France first, I mean, look, I don't -- particularly in the quarterly statement, I don't want to get into the sort of precise numbers. But to give you an indication of the impact that France has, it -- if you took France out, the group grew pretty close to 8% instead of 6.3%. So that's the impact a flat France has. Now it is flat, so I'm not making any -- or it's flat to a slight decline. So I'm not making any excuses, but that's the impact it has. Now whilst the competitive situation remains -- it probably remains pretty stable. I don't think it's any more intense than it was. I would say, probably under Macron, the economy is probably more sort of business-friendly and there's probably more confidence than we've seen for some time. But I think, look, in any situation where you have a new managing director and a new leadership team, it takes a while for that leader to really get their plan in place. They have to put their own mark on it, and Laurent has done that. We've been through those plans. We know exactly what Laurent is going to do over the next quarters. And I think there is plenty of opportunity in the French market, particularly as we get this easing of the comparator in the second half, for us to return that business to being very successful. There's no -- I would say the economic situation provides an opportunity. It certainly doesn't provide -- it certainly doesn't give us headwinds. And then on, sorry, on the tax, yes, we haven't said anything specific on the tax. Obviously, there's been significant change in the U.S. tax regime. But what we're doing is we're going through and assessing as more detail becomes available. I think the headline here is that whilst the U.S. tax rate has considerably reduced, when you actually then start to look at what is being proposed in terms of allowances and deductibles and, in particular, probably where we're heading in terms of a small protectionist regime in terms of how you fund your U.S. business and interest deductibles and so on and so forth, I would say at the moment, our view is that it's going to be broadly neutral. Hopefully, over time, we might see some benefit, but I'm not seeing this as a major thing. I think we'll -- I think it will be giving with one hand and taking away with the other. So the answer to your question is we haven't changed the tax guidance.

Operator

Our next question comes from the line of Amit Harchandani of Citigroup.

Amit B. Harchandani - *Citigroup Inc, Research Division - VP and Analyst*

Amit Harchandani from Citi. Two questions, if I may. Firstly, could you maybe kindly clarify the trends associated with Sage One during the quarter, what was the trajectory of development there? And secondly, could you also comment a bit about other geographies such as U.K. and Brazil?

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

Okay. Sage One, and we tend not to give too much granularity because this is a trading statement, but I think I would say similar message to what we said at the end of the full year results for FY '17, i.e., we continue to focus on driving quality revenue, less focused on units. So that kind of ARR growth, ARR trajectory that we talked about at the year remains constant. I think on other geographies, I mean, across the board, as I say, obviously, the U.K. is one of the countries that has the biggest Sage 50 base, so got off to a bit of a slower start because of that and because of the sales training, but overall, nothing else to report. On Brazil, I think at the year-end, I said that we had some increasing issues in terms of poor payment on -- in Brazil. So what we've done is we've changed the revenue recognition in Brazil in the start-up or smaller business segment so that we only recognize revenue when we have the cash. So we're billing the customer upfront in advance, but we're only taking the revenue if they pay. So that has -- that does mean that when you see at the half the Brazilian numbers, the rate of growth will have slowed. Obviously, the numbers are relatively small for the group as a whole. But I think it's important that we kind of reset that because I think the level of the sort of economic situation, the recession in Brazil is pretty intense, and we want to make sure that we drive that discipline. So actually, in terms of the underlying opportunity, it remains exactly -- it remains pretty much the same. There's still the demand for these types of products, but obviously, we need people to pay us. And then I think other -- what I'd say is across the rest of the region, Central Europe, et cetera, nothing new really, similar trajectory to the year-end. Thanks, Amit.

Operator

Our next question comes from Steven Goulden of Deutsche Bank.

Steven James Goulden - *Deutsche Bank AG, Research Division - Research Analyst*

Just looking into the breakdown of the recurring, so just back of the envelope, I mean, if you did 26% on subscription and 7% recurring, that kind of implies the maintenance down sort of low to mid-teens. Am I kind of in the right ballpark there? And secondly, just -- I mean, you've been saying about, obviously, training and self-execution issues in the Sage 50 and the 200 base. I mean, when I look at what Xero and QuickBooks are up to, QuickBooks Online offering kind of 70% off for 6 months upfront discounts, would you say that you're maybe seeing some impacts of that on your -- particularly, on your kind of low-end Sage 50 base, and might that be kind of part of the reason that sales have been somewhat weak there as well?

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

Yes, I think -- so the way to think about -- let's start with the maintenance and support. Maintenance and support is absolutely down sort of high single-digit because we're migrating those customers onto subscription contracts. So -- and the key here is that, and this is why we spent so much time training colleagues on selling these solutions, it's important now that as we're talking to our Sage 50 base, we're not just migrating them to subscription, but we're explaining to them and persuading them of the benefits of moving to the cloud. And remember, these products are integrated with Office 365. So for these customers, there's significant benefits of integrating this into your Outlook environment so that you can access your reports and your customers and so on through the same portal. Now that's not -- it's not that we're having execution issues. It's that we've paused in order to give the -- give our people the right training so they can have the right conversation with the customer. Now in terms of the lower end of the Sage 50 base, where we're competing against the likes of Xero and QuickBooks, I think you're seeing different dynamics, to be honest. I think you're absolutely right that QuickBooks are tending to discount heavily. Actually, I'd say Xero do so less. I mean, they're pretty open about the fact they're trying to drive their ARPU up because they're focused on trying to get the EBITDA breakeven, so they're probably being a bit more disciplined. My view is we're pushing for more quality now. We've experimented a bit with heavy discounting, and frankly, I don't think it works. So what we're focused on is reinvigorating the accountants' channel. And we'll talk tomorrow in the Capital Markets Day about some of the initiatives and new product offerings that we have available as part of Sage Business Cloud. And we're refocusing on what we think is important, which is selling the value to our customers, not just of that single product, but again, you'll hear tomorrow. There are significant benefits of being part of Sage Business Cloud. And increasingly, that's what we're going to focus on. We're going to focus on showing customers the benefits of being with us and being with Sage Business Cloud. And it's not our intention to lead with discounting.

Operator

Our next question comes from the line of Charlie Brennan of Crédit Suisse.

Charles Brennan - *Crédit Suisse AG, Research Division - Research Analyst*

Just history in the software sector suggests that when you have a sale or shortfall, it's always difficult to make that up later in the year. Salespeople have got to fix capacity, so you never really see it come back. I know at the full year stage, you said you didn't want to be held hostage to around 8% as to whether that's a sort of 7.8% or whether it's an 8.2% performance. But given just how weak Q1 is, should we naturally be thinking a 7% handle's more likely now than anything north of 8%?

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

Charlie, no. Look, I think -- yes, I think we remain confident that it will be -- we'll be where we said, which is around 8%. Obviously, look, let's kind of segment the revenue. By definition, by getting off to a slow start on recurring revenue, that's the part of the business where it's harder to catch up in terms of the rev rec in the year. So I think the way I look at it is you will see, as we go into Q2, Q3, Q4, the acceleration of that recurring revenue. We will show you what the run rate is, and you'll be able to see how we exit the year in terms of that recurring revenue growth driven by subscription. Obviously, at the moment, to state the obvious, we have stronger SSRS revenue, particularly services and training, than we have previously guided to. So we have typically guided to flat or slightly down SSRS, whereas in Q4 -- sorry, in Q1, it was up 4%. So I think the way to think about it is we're very confident that we'll get the right trajectory and the right run rate going into FY '19, which will give everyone the confidence that we can continue to accelerate growth. And the way -- but the way we might make that 8% in this particular year is you might get a bit more SSRS. But the important thing is what is the run rate of subscription growth and migration of the existing installed base and also, are you seeing -- to what degree are you seeing evidence of the new customer acquisition kicking in. And clearly, over Q2, Q3, Q4, those 2 elements, i.e., the migration of the existing installed base to cloud and the acquisition of new customers, again, through Sage Business Cloud, are 2 very important things that you need to see progress on.

Operator

Our next question comes from the line of Michael Briest, UBS.

Michael Briest - *UBS Investment Bank, Research Division - MD of Global Technology Research Group & Head of the European Technology Research*

Steve, just in terms of the subscription business. I think last year, in this update, you said you had 1.1 million contracts. Can you give us an update on that? And then on the growth rate itself, it's been decelerating steadily. Do you think you can get that back to 30% growth, or now, given the greater scale, we're going to be in the mid to high 20s? And then just secondly, on France, I'm just curious. What was the decision-making behind the activation fees? Because it seems to have probably helped your growth rates in '16 and the first half of '17 and then hurt them the second half of last year and the first half of last year. Just I don't know what the point was of doing that. Why not just not charge an activation fee and have a smoother trajectory?

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

Yes, Michael. So I think if you take that second bit first. I mean, it was something, to some degree, that had already started before I -- right at the beginning when we were sort of driving subscription right at the beginning when I joined Sage. Look, at the time, it was a way of driving more revenue. Customers, I think other -- there were -- there was other people in the market who were doing something very similar. And we -- that's something we did to drive additional revenue. We've obviously made it hard for ourselves. And with hindsight, in terms of building a long-term business, a long-term SaaS business, was it a clever thing to do? Maybe not, and we didn't do it anywhere else. So I think it's easy to look back and say, well, maybe given your time again, you'd have done it differently. But that's what we did, and that did give us some short-term growth back in '15 and '16. I think the important thing is to look at the underlying health of what we're doing. And I think in France, it's no different to any of our other countries really, which is we have a significant installed base. That installed base now needs to -- we need to speak to our existing customers, sell them on the benefits of moving to cloud. Those products are now available, both the Sage 100c product, but also France now has both Sage One and Sage Live. So they have the Sage Business Cloud products to be successful. So -- and also, remember that also France does have a significant Enterprise business in X3. Again, there's an opportunity to continue to drive upgrades and additional functionality. There's plenty of opportunity for us to be able to drive that. So I think that's the position. Sorry, I've now forgotten the first part of your -- did I answer your question or what did I miss out?

Michael Briest - *UBS Investment Bank, Research Division - MD of Global Technology Research Group & Head of the European Technology Research*

Yes, no, that's fine. Just on the subscription contract number, I think it was 1.1 million a year ago and the growth might be...

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

Oh, yes. Yes, sorry. Yes, so on the -- I think on the growth -- look, on the quantity, in a trading update, we don't give that detail, but you can assume there's continued to be progress, and we'll disclose the full details at the half year. I think on the growth rate, look, it's not going to be the same every single quarter. But I think -- and we'll talk more about this tomorrow in the Capital Markets Day. We'll talk about the different sources or waves of growth. And I think in the sort of short to medium term, so over the next few years, there will be periods of time when we drive faster subscription growth, so back up into the 30s. And again, I hate saying this because it sounds like I'm making excuses. But if you took France out, the rest of the group, the software subscription growth is in the 30s. And I think as we migrate the existing installed base and as we start to get greater momentum from new customer acquisition on subscription, so I mean, I think the thing to remember is more -- I've said this before, more of our new customer acquisition at the moment is coming from X3 or what we will rename Enterprise Management. And that's still on perpetual. Now over time, that's going to also start switching to more cloud, more subscription. But at the moment, more of the NCA is coming on license. And so as that starts to kick in and also as you start to see probably a bit more acceleration from Sage Intacct and Sage People, all of these things will contribute to a stronger subscription percentage growth. But quarters will differ. It's not going to be -- 26% is still pretty strong, but I would obviously prefer it to be in the 30s.

Operator

The last question comes from Vijay Anand of Jefferies.

Vijay Anand Chandrasekaran - *Jefferies LLC, Research Division - Equity Analyst*

Steve, I had a question on the cloud adoption in Europe. So you mentioned that you're retraining -- or training your sales team to talk about cloud products, which I guess is mainly the cloud-enabled products, so Sage 50c, Sage 200c. But to what extent the feedback from customers has influenced your thinking around the need to launch, say, a Sage Intacct in Europe?

Stephen Hare - *The Sage Group plc - Group CFO & Executive Director*

Yes. So I won't steal any thunder from tomorrow because we're going to talk quite a bit about this subject. But what I would say is, look, clearly, the U.S. is the most cloud-adoptive region that we're in. The U.K. isn't that far behind. But whereas, I think I've said in the past, a country like Spain, for example, you're talking about around 12% of the market purchases being cloud, whereas in the U.S., it's over half. So there's very different rates of adoption across the countries in which we operate. But because of our strong market position in a number of the European countries, what we've been doing is making sure that we have availability of Sage Business Cloud, both the connected products, so Sage 50 and Sage 200 cloud, but also making sure that we have both Sage One and Sage Live available in countries. So if I take Sage 50 cloud as an example, that's now available in 11 countries. So far, we've only really pushed it historically in the U.S., Canada and the U.K. But we now have it available in 8 further countries. Same with Sage One, same with Sage Live. So I think we've now given our managing directors and our leaders the opportunity and the kitbag to maybe start to lead some of the cloud adoption in some of the continental countries where we are, where we're strong and we have a strong leadership position. So you'll hear a lot more about this tomorrow and some of our thinking, how we're looking at any potential expansion of Sage Intacct. So I won't spoil the discussion tomorrow, but thanks for the question. Okay, thank you. So I think we'll wrap it up there. So if I could just thank everyone for dialing into the call. And I'm really looking forward to seeing everybody tomorrow at Capital Markets Day. So thanks very much.

Operator

Thank you. That will conclude today's Sage Q1 Trading Update Conference Call. Thank you for your participation, ladies and gentlemen. You may now disconnect.