



How Acuity Brings Sage's Cloud Suite to Market

Over the past year, IDC has been working closely with Sage to understand the implications and opportunities that cloud presents for its business partners. We've conducted a global survey of 500 software channels and we've held in-depth discussions with some of Sage's leading cloud business partners to learn how they are building successful and profitable cloud businesses.

One of those business partners is Acuity Solutions (Acuity), which was identified by Sage, as one which had successfully made the transition from offering purely on-premises solutions to successfully selling Sage's cloud products and launching a broader portfolio of services around these. Sage invited Margaret Adam, program director for IDC's European Channels and Alliances Practice, to interview Acuity to get their perspectives on this topic.

Acuity Solutions is a long-established and leading Sage Business Partner based in the outskirts of London. Acuity has been selling and supporting Sage products for over twenty years and was one of the first business partners to sell Sage Live and Sage One in the UK. Margaret had the opportunity to interview Marcus Leathwood, Chief Marketing Officer (CMO) at Acuity, in April 2017, to ask them about the partnership between their company and Sage and what lessons they learnt as they went through the process of transforming their business to deliver cloud-based solutions.

Q: Could you provide a bit of background to your business?

Acuity is a 20-year-old Sage business partner. From our early days, which our founder (Lee Whelan) describes as "running the business from his Ford Escort with a calculator," to one of the leading Sage partners globally. We've continually looked at how we, as a business partner, can differentiate ourselves from the rest of the ecosystem and have adopted Sage technology quite quickly as it's come to market. For example, we were probably one of the first UK business partners to take on what was then Sage ERP X3 and adopted Sage 200 online in 2015. We've partnered on Sage Live pretty much from the start. We have always had a pretty unique product portfolio, which has been built around the concept of being able to offer customers choice.

Q: What prompted Acuity to start offering cloud?

The decision to transform the business to deliver Cloud-based solutions came about from customer need and our strategy to provide them with a choice. Customers are looking for efficiency gains. Cloud can give them technology that is safe, secure, and stable, delivering access to information and increasing productivity and efficiency resulting in cost reductions. When we think about how our customers are buying or deploying cloud, or how they are acquiring or procuring software — whether that is a heritage on-premises perpetual license or a

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subscription model — all this is underpinned by our principle of customer choice. We give our customers the freedom of choice to choose a deployment method, to choose a payment method, and to choose how they want to adopt that technology.

Q: And Sage Live specifically?

We've seen customers looking at how they need to be able to make decisions, and Sage Live fits this need. When it launched at Sage Summit in May 2015, we decided to start to offering it immediately and secured our first cloud customer in September 2015. So, effectively, we have partnered from day one on Sage Live.

Q. What types of new business models have you put in place to support your cloud business?

Created a start-up on-demand division

A subscription model does require a very different type of mentality as a business. We made a very quick decision to transform our business away from being a very flat structure on a functional basis to create three different divisions focused on different business models. One to look after the enterprise business model, one to look after the heritage model and the product stack we've always worked with, and then we created an on-demand business model which is all about being a start-up within the Acuity group — taking Sage Live, Salesforce, and other associated apps to market.

Leveraging our heritage and enterprise business to fund our subscription business

It's been a very interesting journey to go on. There is a belief that businesses of all sales and maturity levels want to be able to use their capital in a more efficient fashion, so for a subscription model to work, it does require a very different type of mentality as a business. We recognized that we had to drive towards a subscription model, within the start-up and scale-up universe, and equally across the enterprise universe. We then looked at how to evolve the Acuity business to provide growth and future-proof the success of the group. And right now, that is weighted towards the enterprise division and the on-demand division. Equally, we made the decision that our heritage and enterprise business would be the growth engine to support the start-up mentality of the on-demand business. We're not forgetting our heritage customer base, but we're seeing there is a natural pull for these customers to migrate either towards the cloud offering or to the enterprise offering, depending on that specific customer's requirement and direction that their business is leading.

Cross-trained our existing skills and leveraged our own experiences

We have split our teams across these three businesses. We're a small business, consisting of a vastly experienced diverse group of individuals who have a wealth of experience in a specific product. In fact, combined we have over 350 years of Sage implementation experience. So instead of having to recruit new people into the on-demand business, we made the decision to cross-train a diverse group of heritage consultants, and we cherry picked them from the team based on their attributes, their understanding of technology, and their desire to learn something new. For example, some of these have come from a Sage 300 background, which is a foundational product for Sage, but very much driven by the ISV community, so they're very used to working in that kind of ecosystem, and this is the cloud way of

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working, as is required within Sage Live. We implemented Salesforce, professional services automation, and Sage [Live] internally. We've had to evolve all three business models: sales, operational, and marketing. The biggest change was operational and we've adapted some of our own business models and processes, specifically our internal skillsets and sales processes to better support the SaaS model. We now have far more experience; in fact, Acuity is probably our own best case study.

Q: How has cloud affected your go-to-market?

Our go-to-market has very much been around customer choice, how our customers are adopting technology and being able to provide them with the right guidance so that they can make the right decision and feel confident. It is about being able to differentiate ourselves, and to ensure we've got a very clear and concise message to be able to talk to.

Customer segmentation and choice

We recognized that we needed to identify within our customer ecosystem, the right type of business to adopt cloud technology. It is important to consider the maturity of the customer you are dealing with. You need to be very careful about pushing the direction of technology; there are some businesses that are never going to adopt cloud technologies unless they have a truly visionary leader from outside the finance department who is going to transform that business dramatically. You won't be effective trying to force a cloud message on those kinds of customers. Rather we'd drive them from within our heritage, our enterprise business, which is in the right place to provide the right technology for them.

Then there are the start-up and scale-up types of businesses, and they're a different breed of customer. This is where messaging around mobility, real time information, dashboards, making decisions by looking at an Apple Watch, resonates. There is a type of business where this kind of technology sits perfectly. But if you're looking to position cloud to a business that is comfortable with a multi-page Excel workbook for their monthly management reporting – you're probably positioning it to the wrong company.

The cloud is an important part of our portfolio, and we strive to push as many people as possible towards it, but it does come back to the same thing again, it's all about providing customers with choice and it's about positioning cloud to the right type of business at the right time.

Vertical Focus

Our go-to-market strategy is clearly defined by where we see the best benefit for Acuity and therefore the target markets we are going on to engage with. We did some work on understanding our heritage customer base and how that segmented, and there is a fairly high proportion of customers which fit between four or five key verticals, some of which categorically do not fit what we're doing with Sage Live because of the functionality of the solution. However, it is a great fit for some of the verticals we focus on: professional services, financial services, and the charity sector. And it is paying dividends. We're seeing quite a lot of momentum for Sage Live in these three sectors and we have seen positive results in

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terms of performance: conversion of sales, customer go-lives, and customer satisfaction.

Partnering for Vertical Specialization

We have now also become a Salesforce partner. There are 2,500 apps on the Salesforce App Xchange, and we can't learn and know them all. It is about chiseling out a niche vertical to focus attention on and building a best of breed platform or best of breed solution based on the platform. We've done a lot of the work on the alliances side and building out those relationships. These have been based purely on which verticals we believe Sage Live, as a cloud accounting solution, potentially fits with best.

Becoming more digital

We certainly feel like we've been quite pioneering in the way we've adopted Sage Live. And we're feeling the benefits of it from a marketing point of view, in terms of the expertise and knowledge we can share. It has had a positive impact on creating content, and on our reputation in terms of being visionary. It is fueling all round opportunities and has changed the way we go to market.

We also recognized that we, as a cloud business partner, had to be more social or digitally oriented. It's also not just about talking about the technology, but taking the principles of digital, social, and customer interaction, and that level of expertise, and being very visible. You need to be seen everywhere in a way that is very short, snappy, and visionary. We all know that people digest content in a very, very different way now, it is no longer about having a 26-page glossy brochure. It is about being front of mind 24x7, but being front of mind for the right reasons. Whether that is customers saying positive things, whether that's through digital images, whether through Twitter, Facebook, LinkedIn, YouTube, it is all about consistent delivery of valuable information in bite-sized chunks.

As a business partner, we don't have the multimillion pound budgets that vendors do, but in the age of social and digital, a company of our size can eclipse the very big marketing that vendors can do, and that's what we have to do. The faster we do it, the more others will too. But it's not easy, creating that level of content is a massive task.

Q. Do you offer any complementary technology services around your SaaS business (things like managed services, consulting, implementation, training)?

Yes, we offer a full Professional Services portfolio and a support office for solutions.

Q. Some business partners we've spoken to are concerned about SaaS eroding software resell revenue and impacting overall profitability. What are your thoughts on this?

Traditional resell revenues are declining; there is no choice. Yes, profitability is impacted but this is a growth market so it is a question of risk — the risk of not embracing this technology evolution and only dealing in a market where revenue is declining. We believe it is important to build credible established market share in a SaaS environment.

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Q: Any views you'd like to share with us on how Sage has partnered with you on your cloud journey? Any feedback you'd like to share with us?

As soon as Stephen Kelly came on board as CEO of Sage, we've seen the transformation, and we're very fortunate that we've had face-time with him and several other Sage executives, and it made making decisions about joining what was the Global Partner Program, now becoming Sage Partner Program, an immediate decision from our point of view.

Q: Any last words of advice?

Realistically, we've made some pretty radical decisions around culturally changing. It's all very well to say you want people to be digital and socially savvy, but it is more about culturally changing how your business operates. It's not about a dress code, it's not about office hours, it's about your entire team and organization culturally aligning around delivering value to a customer. In that sense, we're on that journey already.

Learn More

Sage has recognized that transitioning to an SaaS model is challenging for many of its partners and has made significant investments in research to understand the challenges and opportunities that cloud and broader digital transformation presents for its partners. Sage, together with IDC, has created a series of reports and tools to help partners navigate the transition.

These include:

1. Partner Connections: IDC has held in-depth discussions with partners, like Onesys, that have successfully incorporated SaaS into their business. Highlights from these interviews have been captured in reports such as this one, as well as in videos which will be available to all Sage partners on (www.sage.com/company/partners)
2. A Partner of the Future InfoBrief: which is a short, succinct report highlighting the importance of incorporating cloud into your portfolio, how to make money from it, and the implications it has for partners in terms of what you do, how you do it, and who you do it with.
3. An interactive online assessment tool to help you benchmark your cloud business against your peers and competitors in the industry across multiple dimensions including: cloud strategy and vision, cloud processes and skill-sets, marketing for cloud, cloud sales, and your business mix.
4. A Partner Profitability Executive Brief: This report provides business partner owners and executives with insights and guidance as to the profitability implications of incorporating SaaS into your business, including key business performance metrics for a profitable SaaS business, and best practices identified through deep analysis of research focused specifically on business partner profitability in cloud.
5. Partner Success Guides: These short, content-rich reports go a little deeper into some of these elements, essentially acting as a "how to guide" across three critical areas of building a cloud business: optimizing process and skill sets for cloud, rethinking sales, and rethinking marketing.

For more information on these tools and reports, please visit <https://www.sage.com/company/partners/the-future-is-in-the-cloud>, or contact Rachel Preston rachel.preston@sage.com

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