



Onesys: Working With Sage to Build a Successful and Profitable Cloud Business

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.

This partner connection features the Onesys Group (Onesys), a Sage Business Partner which was identified by Sage as one that through very early exposure to cloud has built a successful cloud business selling and supporting a broad portfolio of Sage products via multiple delivery mechanisms: on-premises, public cloud-based and private cloud. Sage invited Margaret Adam, program director for IDC's European Channels and Alliances Practice, to interview Onesys to get their perspectives on this topic.

Headquartered in York, United Kingdom, with four offices across the country, Onesys has been a Sage Business Partner since 2004. Onesys has been growing steadily through acquisition and organically for over 20 years. Margaret had the opportunity to interview Laurie Pottage, Sales Director for the Onesys Group, in April 2017, to discover more about the company's go-to-market strategy and lessons learnt through early adoption of cloud.

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

We had quite early exposure to cloud, through Sage-Coretime, which is a time and fees solution. This solution was built from the ground up to be a browser-based application in the days when they weren't very common, and we have always offered a dual choice between on-premises or a cloud solution. So, in that respect we were quite early adopters. We are also a Sage 200 business partner. Originally, Sage 200 was very much an on-prem deployment, but now we have transitioned to effectively offer customers a choice of three options:

1. The continued on-premises version where the customer provides the infrastructure
2. In a private cloud model, we are a hosting provider and are using the Microsoft Azure platform, to offer private cloud solutions, and
3. The public cloud or online solutions, which are hosted by Sage

We are Sage CRM business partners, and offer SageCRM.com. Again, we offer a choice of on-premises versus cloud. Choice being the key thing here, we don't say its cloud or nothing, it is very much about what works for the customer.

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In saying that, we're also in the Sage Live partner program, and that's a new avenue for us in terms of offering a cloud-only solution in that space. We're also engaging with Salesforce to become a partner with it as that is a logical outreach from the Sage Live product as it links seamlessly into Salesforce.

Q: Many business partners we have spoken to have raised concerns around the effect that the move to the as-a-service world will have on their financials, specifically in terms of the decline in resell revenue and the challenges of moving to a subscription revenue model. Have you managed this transition and has it had any other impact on your business?

Yes, with Coretime, we also brought subscription revenue to our business, but we started quite early on, so we have at least 10 years of subscription revenue flowing into the business along with the usual rolling annual contract type business. This means we're in a reasonably comfortable position as we have a foundation of clients on retained recurring contracts and we can absorb revenue lumpiness quite easily. We have also invested more in our account managers because retaining customers in a subscription model is more important, as revenue is realized over a longer period of time.

Q: One key piece of advice IDC gives business partners that are looking to build profitable cloud businesses is to look at means to develop and sell their own IP (intellectual property). Our research shows us that this is a very effective means of counteracting the effect of the decline in resell revenue we are seeing with cloud. Is this an avenue you have explored?

Onesys has developed a product specifically for the corrugated box industry called OrderlineBOX (<http://www.orderlinebox.com>). This provides quotation, sales order processing, purchase order processing, stock, works order planning, and transport and distribution, but uses Sage 50c as the underlying platform. By wrapping our OrderlineBOX system with Sage 50c and a managed hosting service, we now have an additional profitable revenue stream. Cloud-based deployment and online training has allowed us to close deals not just in the UK but also in Mexico and South Africa.

As a Sage Developer, we have also broadened the functional scope of Sage Coretime by developing a mobile app for time and expenses. This helps us to attract new customers and maintain and grow our transactional relationship with existing customers.

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Q. You spoke earlier about customer choice, and about the importance of offering a variety of delivery options to customers. I think that is a sound strategy in this kind of hybrid ecosystem we are operating in, but do you focus on or prioritize any specific types of customers for cloud?

One of our main specializations is professional services organizations, customers that have an interest in project management or providing a service and charging for a service. That's where we position ourselves, and that's where Sage Live is attractive to us, as it is very much aimed at these new customers that won't look at anything other than cloud. It's ideal for those kinds of customers, because it does have job costing flexibility.

Q. That vertical focus is interesting. Another key piece of advice we give business partners is that it is becoming increasingly important to specialize. We believe that the broad-based resell-centric business partner model is under pressure; customers are looking for deeper specialization from their partners. Is this something you agree with?

Yes, we believe our focus on professional services is a differentiator, as well as the breadth of choice that we offer them. From Sage Live, Sage-Coretime, Sage CRM, through to Sage 200 online, we are able to provide a choice to customers, matching up from the portfolio to specific customer requirements and pain points they have. We value the breadth of choice in Sage portfolio, if the client is a start-up or scale-up we will position Sage Live, then into Sage-Coretime, and beyond that we get into Sage 200 territory. We also provide Sage 50 and Sage 200 in a managed private cloud service. We have some customers that want tight integration into applications and want everything on a single server rather than separated across several services or servers. We have others where it's a case of migrating their existing in-house on-premises systems to cloud. By offering on-prem, public, and private cloud options, we have a three-tier approach to address these needs.

Q: Building on that point, has cloud impacted your go-to-market at all?

Definitely. When we're engaging with a client on a renewal or upgrade, for example, if they are upgrading from Sage 50 to Sage 200, they would most likely need to invest in hardware to continue on-prem, so we suggest to them that they can use this as an opportunity to break that on-premises investment cycle. It has also been an interesting journey in the Sage Live space. Sage Live is providing a platform for more fundamental changes to our marketing, because we are moving more downstream and in this space, we recognized that we needed to be more lean — these clients won't pay for 10 days of implementation services, they are expecting things to be delivered more instantaneously, online. We've always done

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online training, online demonstrations, and e-marketing, but we are having to move into more different approaches for attracting the Sage Live customers.

Q. Services is another area we recommend business partners invest in to offshoot the impact of declining resell revenues. You've mentioned online training and managed services; do you offer any other complementary technology services specifically around your SaaS business?

Yes, we offer a broad suite of services, from support, to managed private cloud, hosted services, consulting, integration, migration, and project management services. We also use the cloud to improve customer service by introducing online fault logging and solution tracking through our customer service portal.

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?

Sage have been very supportive of our journey to the cloud. Sage are very good at providing training and accreditation to our sales and technical staff. This started with predominantly classroom-based learning, but now the cloud has improved this area of the business too; with Onesys staff able to do online, self-managed learning at a time to suit them and the business. From a marketing standpoint, Sage's Marketing Development Fund has enabled [us] to bring forward digital (SEO, webinars and videos) and telemarketing campaigns. This match funding has enabled us to attract new customers to the Sage product portfolio and to Onesys' services and to scale-up our cloud revenue stream quicker than would otherwise have been the case.

Q: Any last words of advice?

Listen to what your customers and prospective customers are telling you. For us, building solid and reliable flows of recurring revenue income has always been the cornerstone of our business strategy. Cloud and subscription services, for us, were just a logical extension of this policy.

Find a niche; build your sales, marketing and customer services operation to service that sector professionally and profitably. Then look for ways to deepen the relationship with value-added services such as bespoke development.

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Learn More:

Sage has recognized that transitioning to a 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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