

Sage Nonprofit and Sage ACT!/SalesLogix Announcement Master FAQ For External Audiences

About the Sale:

Q. What has been announced?

A. Sage has reached an agreement to sell Sage ACT!/Sage SalesLogix to Swiftpage and Sage Nonprofit Solutions, Sage's vertical software solution for not-for-profit organizations, to Accel-KKR.

Q. Why is Sage selling Sage ACT!/Sage SalesLogix and Sage Nonprofit Solutions?

A. Sage Group (and Sage North America) strategy demands more concentrated focus on our core business, which will allow us to enhance the value we create for our customers and achieve our Sage Vision: *"To be recognized as the most valuable supporter of small and medium-sized companies by creating greater freedom for them to succeed."*

Focusing on our core business moves Sage toward our Vision, freeing up resources to reallocate on our core business and future growth.

Focusing investment and playing to our strengths will enhance the Sage Customer Experience, Sage branding, our competitive differentiation, and market presence.

Q. Who are the buyers?

A. For Sage ACT! and Sage SalesLogix, Swiftpage. Swiftpage has developed the leading digital marketing platform for small business. They are also an existing partner with ACT! and SalesLogix, providing integrated E-marketing services for both products.

For Sage Nonprofit Solutions (NPS), the buyer is Accel-KKR. Accel-KKR has extensive expertise in accelerating the growth of leading software companies in vertical industry segments. They bring a wealth of operational best practices and strategic insight into their portfolio companies and are an ideal partner to help these businesses reach their full potential.

Q. Why is Sage selling to these buyers?

A. Swiftpage is acquiring Sage SalesLogix and Sage ACT! and has secured additional funding to gain access to more technology and more resources, which will allow it to develop even more innovative products and services. Swiftpage is the ideal buyer for these businesses because they are also an existing Sage partner and therefore have a great understanding of the customers, partners, products, and market. This will help ensure consistency and continuity for the future. Additionally, Sage will retain a minority stake in the future business.

Accel-KKR sees NPS as a platform opportunity to build a business in the not for profit sector. Accel-KKR has extensive expertise in accelerating the growth of leading software companies in vertical industry segments. They bring a wealth of operational best practices and strategic insight into their portfolio companies and are an ideal partner to help these businesses reach their full potential.

Q. When is the transaction expected to close?

A. This is dependent on regulatory approvals and process, which can take several weeks in the U.S. Sage will retain ownership throughout this period. The buyer will assume ownership once the sale is closed. During signing and completion, Sage has an obligation to the acquirer to continue to run the business as normal.

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Master FAQ For External Audiences

Q. What is happening to the employees?

A. The majority of employees will move to Accel-KKR and Swiftpage as part of the sale at closing.

Q. What are the buyers' strategies for these businesses?

A. Swiftpage will continue to manage the Sage ACT! and Sage SalesLogix businesses "as usual" building on this strong foundation to enhance existing products and develop even more innovative and integrated products and services.

Accel KKR will work with the NPS management team to continue "business as usual" for customers and partners, as well as improve the overall operational efficiency of the business by incorporating a set of proven best practices.

For Customers and Partners- NPS and Sage ACT!/Sage SalesLogix:

Q. Will our contracts/pricing be affected?

A. We will continue to honor the terms and conditions of our existing contracts.

Q. How will this sale affect current implementations/my implementation?

A. It should have no impact on any current implementations.

Q. What does this sale mean to customers?

A. It will be "business as usual" so we can make this transition as seamless as possible for our customers. Current customer contracts will be assumed by the buyers at completion of the sale. Implementation projects in process will continue as scheduled and our sales activities will continue to focus on customer needs and solutions. At the same time, our support organization will stay focused on resolving customer issues.

Q. What does this sale mean to Sage ACT!/Sage SalesLogix and NPS partners?

A. Your day-to-day activities will not change, and our operations will continue as usual. We will continue to deliver the solutions, services, and support you need to support your clients.

For Customers and Partners- Sage:

Q. What does this mean for Sage CRM partners?

A. Sage CRM partners can be assured of our continued support as we invest in Sage CRM and continue to offer customers a world-class CRM solution for SMBs.

Q. What does this mean for Sage CRM customers?

A. Sage CRM customers can be confident that they have chosen a best-in-class CRM solution. We will continue to invest in Sage CRM to ensure we offer our customers the best CRM to meet their evolving needs.

Q. What expertise around CRM remains at Sage, as I understand some CRM staff are leaving with the divestiture?

A. Sage is fully committed to CRM and has expert CRM staff employed across the globe. We will continue to grow that expertise. In addition, Sage plans to continue to invest in this area in order to ensure our business partners are supported and our customers succeed.

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Q. Will Sage CRM only be sold to existing Sage ERP customers?

A. No, Sage CRM will be sold to all SMBs worldwide. For existing Sage ERP customers, we will be able to offer the additional benefit of Sage CRM and Sage ERP integration. Sage CRM currently brings many new customers into Sage, which we expect to continue; however, growth will accelerate through the Sage CRM cross-sell initiatives being initiated across the Sage business.

Q. How will this impact business partners who sell Sage CRM and SalesLogix/Sage ACT!?

A. New and existing Sage CRM partners can be assured of our continued support as we invest in Sage CRM and continue to offer customers a world-class CRM solution for SMBs.

Q. What will happen to technologies like Sage E-marketing, which are shared across all three platforms?

A. Sage will continue to integrate Sage CRM with technologies that deliver results and value to our customers, including Sage E-marketing.

Q. Will Sage offer certification on Sage CRM to Sage SalesLogix/Sage ACT! partners willing to stay with Sage?

A. Sage is committed to having a strong and knowledgeable channel in place to support our customers and any potential partners who are interested in certifying and investing to sell, implement and support in Sage CRM will be welcome.

Q. I am currently at a certain tier level due to multi-product sales including Sage ACT!/Sage SalesLogix, NPS, and other Sage products. What will happen to my overall margin with Sage as a result of these divestitures? If this still needs to be worked out, when should I expect to know? And when will the change impact me?

A: Today Sage announced the signing of the agreement, many of the details need to be worked out, and these will be communicated to you as soon as possible. Until then it will be business as usual with regard to tier margins.

Q. I either recently sold Sage SalesLogix with Sage ERP X3, or I am about to sell a customer both solutions, will both companies still have integration? Will the integration continue to improve over time?

A: Sage will continue to have integration between Sage ERP X3 and Sage SalesLogix, as we will continue to honor the terms and condition of existing contracts. This should have no impact on existing integrations or commitments made with recently signed agreements or agreements made during the transition period.

Q. I am currently authorized to sell Sage ACT!/Sage SalesLogix, NPS, and other Sage solutions. Will this change my Sage Select status?

A: Today Sage announced the signing of the agreement, many of the details need to be worked out, and these will be communicated to you as soon as possible. Until then it will be business as usual in regards to tier margins and Sage Select status.

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About Sage Strategy:

Q. Why did you not announce this at your annual results? Is it because they would have negatively impacted the reaction to your results?

A. We would have preferred to announce at our results because the disposals show Sage is delivering on its strategy, however these transactions are complex and take time; therefore, we could not be dictated by events such as this. Our focus was on ensuring the best deal for our shareholders.

Q. With the divestiture of Sage ACT! and Sage SalesLogix, does this mean that Sage is exiting the CRM segment? Is CRM no longer important to Sage?

A. No. Sage remains committed to its global Sage CRM solution, which is not impacted by these disposals. It is a key adjacency to our core business, adding value to the core by enhancing our offering to customers and potential customers, through cross-sell opportunities and increasing the lifetime value of our customers, as we accelerate toward an integrated CRM and ERP proposition. The integrated nature of this offering is the key to its importance and something that has been clearly explained to the acquirer.

Q. Will Sage continue to invest R&D in Sage CRM?

A. Yes. Sage will continue to invest in its global, world-class Sage CRM solution to ensure we offer our partners and customers the best possible solution to meet their evolving needs. We are excited about the integration opportunity that Sage CRM offers to SMBs, our ERP solutions, existing and future customers, and the overall potential of this sector.

Sage CRM currently has in-market integration with over 12 of Sage's core ERP products worldwide. By working with our partners, we are well-positioned to jointly address the market and deliver true value to our customers.

Q. What is Sage's core business?

A. Accounting, ERP, payroll, accountancy, and related products for small and medium-sized companies.

Q. How did Sage assess what is core and non-core?

A. The criteria used to assess looked at how close each business is to the core and its potential for value creation.

The assessment looked at the degree of overlap with our core in target customers, capabilities or technology, channel partners, and potential to share costs. Our core businesses all share similar characteristics:

- They have a high degree of overlap in the types of customer they serve
- They leverage our capabilities and technology in the provision of accounting, payroll, and related software and services
- They are able to leverage our network of resellers and other partners, particularly accountants
- In addition, they have the ability to share costs

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Q. Given this divestiture, does your position on CRE change from calling it a non-core business?

A. CRE will continue to be considered a non-core business, based upon the definition of non-core that we set out in our strategy.

Q. So will CRE also be sold soon?

A. We have consistently maintained that categorizing a business “non-core” does not imply either reduction in investments or divestiture. We have been investing in CRE for the past several years and plan to continue to do so in the future.

We are not looking to sell CRE. NA Construction remains valuable as it has significant overlap with our core horizontal ERP market in terms of installed base, product usage, and shared technology. Additionally, the CRE customer is similar to Sage’s core market.

Q. So what makes CRE different from NPS?

A. Several things. First, our CRE products are market leaders in North America and we have significant market share in this space. Secondly, the CRE portfolio also constitutes a much higher percentage of overall SNA business than some of the products we announced divestiture of, and has been demonstrating revenue growth. Thirdly, we have several cross-sell initiatives within North America, such as payments cross-sell, in which CRE is significantly participating. Additionally, the construction and real estate sector is a huge sector in North America, and we share a significant amount of customers in this sector across other products like Sage 50.

Q. What are some of the investments that you are making in CRE?

A. Given the unique characteristics of the construction market and the market position of the CRE portfolio, we are making common technology investments with CRE along with other ERP products like Sage 100, Sage 300, etc. These include the adoption of Microsoft Azure as a cloud platform, development of connected services, adoption of a mobile infrastructure, development of common mobile applications, along with giving the products a user interface refresh.

Q. Sage touts a full portfolio, able to address the front and back office needs of SMBs. Do nonprofit organizations no longer fit in that mix?

A. Nonprofits fall outside our core, and while we will still support the needs of small nonprofit and government organizations through products like Sage 50, nonprofits are not in our core business, since as they grow, their needs become more specialized. So while we will still serve small nonprofits with our horizontal solutions at the low end, nonprofits will no longer be an area of particular focus for Sage.

Q. You sold these businesses because they were non-core. In terms of acquisition targets, then, what types of businesses are you looking to acquire?

A. Should future acquisition activity take place, it will be to strengthen our core solutions and the Sage Customer Experience.

Q. Will this divestiture have any effect on your current product roadmap and timing?

A. Divesting these businesses will free up resources, enabling us to reallocate them in support of our core activities.