

Sage Intacct: The Momentum Continues

The last week of September, I attended Sage Intacct's annual Analyst / Influencer event in Healdsburg, CA. While the red wines of Sonoma County were no doubt inspiring prior to and after the full-day briefing, I walked away from the event convinced that Sage's acquisition of Intacct two years ago continues to be on track and delivering solid value for customers and parent company Sage alike.

Business Update

Prior to our arrival, the analysts attending were notified of several key leadership changes at the unit and company. Among the many shifts are:

- Rob Reid, formerly Intacct CEO, is now Sage Chairman of Sage Midmarket Solutions (that includes both Sage Intacct and Sage People).
- Marc Linden, formerly CFO for the Sage Intacct unit was promoted to EVP, Sage Intacct, now overseeing not only Business Ops and Finance, but also leading the Marketing, Product and Engineering group.
- Aaron Harris, formerly CTO of the Sage Intacct unit is now CTO of Sage reporting to Sage CEO Steve Hare.

With two former senior Intacct leaders now on Sage's Executive Committee, this is a clear signal that the acquisition of Intacct is having a major (positive) impact on the company. As highlighted in my blog from a year ago (see [Sage Intacct: Acquisition On Track – 31Oct2018](#)), virtually the entire leadership team (and most of the employees) remain on board post acquisition – another great sign of successful integration.

While not explicitly sharing detailed financials, it was our sense that the strong momentum that the unit experienced last year post acquisition has been continued through 2019. Based on our guestimates of Sage Intacct's size last year, and its continued success, McNee Associates would not be surprised if the business unit reaches or exceeds \$200 million in revenue within the next six-to-twelve months, with margins continuing to expand.

The unit continues to be largely run as an independent business unit, although there is significant cross-sharing of enabling technology innovation across the company, both into and from Sage Intacct.

Sage Intacct's partners continue to be a huge part of its success. I really liked their focus on quality relationships over quantity of partners. In total, Sage Intacct now has 120+ VAR partners, 30 of which are on the top 100 list. While its' relationship with the AICPA continues deliver big results, it now has

297 partners in its Sage Intacct Accounting Program (SIAP), and 165 direct sales reps. Six of its top 12 partners are CPA firms. Adding up all of these direct and indirect channel resources helps put more than 2,000 people on the street for Sage Intacct. Impressive indeed.

Evolving Product Focus

Sage Intacct is clearly moving beyond its roots as a best-of-breed cloud accounting / ERP solution for small and mid-size firms. Responding to changing market demand, Sage Intacct is now beginning to provide a broader suite of (increasingly integrated) tools, delivered both by Sage and by key partners. This includes Sage People, the company's Cloud HR and people management system (deployed on Salesforce), and its fast-growing SMB-targeted FP&A budgeting and planning tool launched last year.

Aaron Harris shared some insights around current and future investments in regard to Sage's significant firm-wide commitments around AI and analytics. This has included several smaller tuck-in acquisitions which has helped bring in key talent to the organization. In regard to Sage Intacct, its AI focus seems to be around anomaly detection and predictive billing in the short run; however, there appears to be a number of initiatives in the pipeline as it moves toward an evolved positioning around the "Intelligent Organization."

International Expansion and Micro-Verticals Drive GTM

While this started some time ago, the business unit is focusing its going-to-market around targeted micro-verticals and expanding its international footprint. Whereas stand-alone Intacct was an almost exclusive a US-focused business, Sage Intacct is now investing heavily to grow its business internationally, initially targeting the UK and Australia. They have developed specific offerings that are fully compliant at the country level (in regard to tax, banking, payments, statutory reporting et al), and are providing local data residency.

It was fascinating to hear about the extensive research that they do to help identify micro-verticals to target. Greater than 75 percent of new business is now coming from micro-verticals, versus more horizontally focused marketing initiatives.

In conclusion, I walked away with a continuing sense that this has been one of the more successful application acquisitions (along with Adaptive Insights by Workday) over the past couple of years. No doubt, challenges exist, especially from a range of competitors fighting fiercely for cloud ERP market share. We hope Sage puts some marketing muscle behind its new FP&A offering in particular, as this looks like an especially ripe opportunity.