

FAQ: Sage and PayChoice

Q: What is being announced?

A: Sage is entering into an agreement to purchase PayChoice, a leading provider of payroll solutions for small and medium sized businesses. (SMBs) PayChoice currently serves more than 100,000 SMBs in the US.

Q: Who is PayChoice?

A: Based in Mt. Laurel, New Jersey, PayChoice has been providing SMBs with full-service and self-service payroll and HR services for more than 20 years. PayChoice solutions are delivered in real time via the Cloud, are flexible, and scale easily as businesses grow and their needs change.

Q: Why did Sage select PayChoice?

A: The similarities between Sage and PayChoice made this selection process easy. Just like Sage, PayChoice serves small to medium-sized businesses by helping them manage their payroll processes and remain compliant to ever changing regulations that impact US employers. PayChoice also supports partners and licensees, such as accountants and financial institutions, helping them grow their own payroll business.

By joining forces with PayChoice, Sage will:

- Strengthen our existing payroll offerings with PayChoice's compliance services (such as tax filing and direct deposit)
- Add full-service payroll offerings that allow the employer to focus more on running their business with peace of mind that their payroll is taken care of.
- Work with our partners (such as accountants) to help them develop and grow their own payroll service business.
- Continue delivering on our vision of being the most valuable supporter of small and medium sized companies.

Q: What does PayChoice provide, and how do they do it?

A: For more than 20 years, PayChoice has helped small and medium-sized businesses (SMBs) succeed by providing them a Fortune 500-style suite of payroll and HR services that frees owners to focus on growing and managing their businesses. Their client satisfaction and retention are among the highest in the industry. PayChoice's applications are hosted in their state-of-the-art private cloud infrastructure and delivered via a SaaS model. PayChoice's mobile services will also help Sage to deliver the best, most relevant technology to our customers.

Q: How does this acquisition deliver on Sage's vision "To be recognized as the most valuable supporter of small and medium sized companies by creating greater freedom for them to succeed"?

A: A critical pain point employers of small to medium-sized businesses have is properly paying their employees and complying with ever changing governmental regulations. Our ability to make this pain point go away with the payroll and compliance services provided by PayChoice will free the business owner up to do other things such as growing the business or maybe just spending time with family – whatever is success for them.

Q: Can you tell me a little about PayChoice’s technology platform and how it supports Sage’s cloud and mobile technology strategy?

A: PayChoice has developed a modern state-of-the-art SaaS payroll and HR platform called “Encore.” The platform, which was launched in September 2011, encompasses both mobile and web-based payroll applications, operating from a single code base for both its direct and licensee clients. The Encore platform addresses the needs of the low-end self-service model to the more complex full-service model on the same platform, supporting the needs of SMEs as they grow. We will begin work to integrate the Encore payroll services into our applications using the Sage Data Cloud, enabling our accounting and ERP customers to access the various payroll and HR services. It is too early to commit to roadmaps and schedules but the work will begin soon.

Q: How soon will PayChoice be integrated with Sage products? Is there a roadmap?

A: We will integrate PayChoice’s services to our existing Sage solutions. The integration activity will begin immediately after closing. We expect that PayChoice integration to some Sage products will be delivered within the first year. We will be in a better position to speak to exact timing within the next 60-90 days.

Q: What is PayChoice replacing? What did your customers use previously?

A: PayChoice is not replacing our existing payroll solutions but instead giving us the ability to strengthen and augment our payroll portfolio to better meet the needs of our customers.

Q: Didn’t you have a payroll business that you sold? Why did you sell that? Why buy PayChoice now?

A: We had a limited payroll service business that we sold in 2008. There were various reasons that led us to this divestiture. Given today’s payroll market growth opportunity, driven by SMBs’ adoption of cloud-based payroll solutions, we feel it is time for Sage to enter this space and that acquiring PayChoice is the best way to expedite our time to market.

Q: How will PayChoice solutions be sold?

A: The solutions will be sold direct and through 3rd parties with a focus on licensees, accountants and financial institutions.

Q: When will the sale be final?

A: We expect the sale to close in late October.

Q: What are the terms of the acquisition?

A: You can read about the terms of the acquisition in the Sage Group RNS announcement, [here](#).

Q: Will all employees be joining Sage with the acquisition, or are cuts expected?

A: We are thrilled with the opportunity to welcome ALL PayChoice employees to the Sage organization. We do not expect any reductions directly tied to this transaction.

Q: How will this acquisition be assimilated into Sage? What's the reporting structure?

A: The PayChoice business will roll-up to Connie Certusi EVP/General Manager for Sage NA. The current leadership at PayChoice will remain in-place and Robert Digby (the current business leader for PayChoice) will continue to manage the strategy and business operations, reporting directly to Connie.