

Sage Group to Review Future of its Global Payments Business

by **Giles Turner**

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- U.K. software group already hired adviser for U.S. business
 - No guarantee of sale said CFO, also considering partnerships
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U.K. software company [Sage Group Plc](#) is opening a review of its global payments business, while also considering a sale of its U.S. payments arm.

Sage confirmed it has been evaluating options for its U.S. division, Sage Payment Solutions, which helps merchants process and manage card and mobile payments, in a trading statement Thursday.

The Newcastle Upon Tyne, England-based company is now launching a separate review for its payments businesses across “all major geographies,” Chief Financial Officer Steve Hare said in an earnings call. “We are looking not just in North America but more generally.”

Hare added that even if Sage does sell its U.S. unit, its other payments divisions may not necessarily be sold.

Shares of Sage were down 5.9 percent at 5.96 pounds at 11:24 a.m. in London.

Seamus Smith, head of Sage Pay U.K., has been promoted to head up banking and payments globally, and is helping lead the new payments review, said Hare.

“The strategic review is focused solely on the U.S. payments business,” said a spokesman for Sage Group.

The group develops, publishes and distributes accounting and payroll software, and is the only remaining technology stock in the FTSE 100 [after the sale of ARM Holdings Plc](#) to [SoftBank Group Corp.](#) last year.

It has previously focused on its so-called “golden triangle” of accounting, payments and

payroll services. “Do you need to own all three of those and have ownership of the technology,” said Hare, “or are there others that you can partner with and do they have better technology?”

Sage is also targeting new technology, in an attempt to diversify away from its traditional focus on installed software, such as bringing users onto its cloud services. Its accounting chat bot Pegg now has over 20,000 users in 110 countries, according to a company statement Wednesday.

Sage announced organic revenue growth of 5.1 percent for the three months to Dec. 31, and confirmed its full-year guidance of 6 percent organic growth.

The U.S. payments unit has attracted interest from [Worldpay Group Plc](#), [EVO Payments International LLC](#) and [Global Payments Inc.](#), according to an earlier report from Bloomberg. Sage is being advised by Raymond James Financial Inc.

A sale of the U.S. business would be "mildly earnings dilutive, with cash from any sale likely to be retained on balance sheet for future M&A," Investec said in an analyst note.

Sage Payment Solutions was the U.S.'s 25th largest merchant acquirer in 2015, processing more than \$17 billion in transactions, according to industry trade publication The Nilson Report.

