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## **ASSESSMENT1**

### **WRITTEN REPORT**

**Module: Strategic Management & Sustainability**

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## 1. Introduction

Strategic sustainability is implementing a value lens approach to allow sustainable, long-term value for business by responsibility and effective handling of social, economic and environmental impact. Integrating sustainability into strategic management offers a Framework for gaining business objectives (Kitrar and Lipkind, 2021). This study focuses on developing a strategic plan for **Sage Group Plc**, popularly known as Sage, a British multinational enterprise software company listed on the London Stock Exchange. The Sage Group plc, connected in provisions of business management solutions. It provides enterprise resource planning, accounting and payroll software. Sage Group plc, was founded in the year 1981 by David Goldman, Graham Wylie and Paul Muller, with headquarters in Newcastle-upon Tyne, UK (Sage.com, 2017). The study focuses on discussing the corporate and business strategies of a company and its resources and capabilities. Moreover, the evaluation of the success of a company in implementing selected business and corporate strategies to deal with the market and develop competitive benefits over rivals will be explored. At last, recommendations outline how to improve the business sustainability practices to gain competitive benefit.

## 2. Analysis of key business and corporate strategies of the Sage Group Plc

### *Corporate and business strategy*

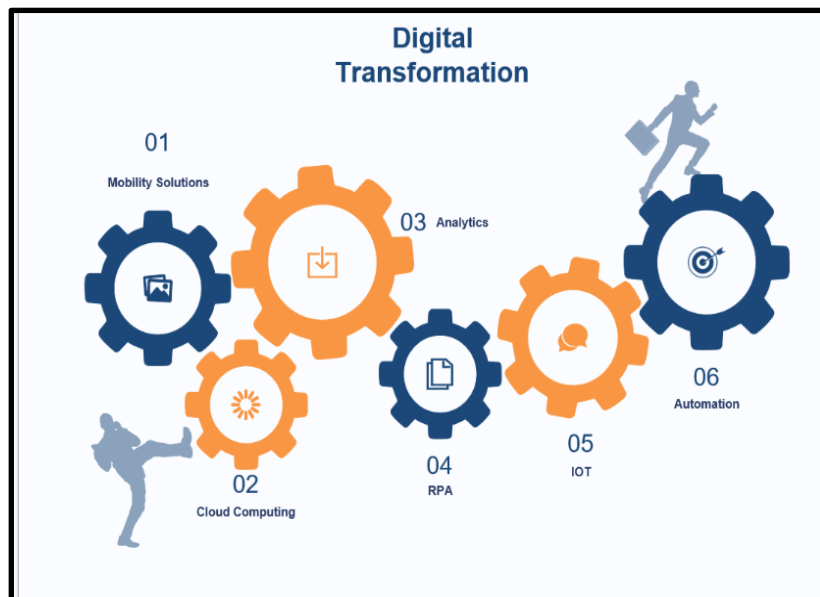


**Figure 1: Digital Transformation Strategies of Sage Group Plc**

(Source: Sage Informatics, 2024 )

### *Digital transformation*

Sage Group plc, to stay competitive in the digital world, embraced digital transformation. Sage informative provided customers changed to a cloud platform to support business adapt cloud involvement (Sage Informatics, 2024). The company is committed to providing sophisticated Financial Technology solutions to

revolutionise the business. Digital transformation involves utilising advanced technologies such as Big Data Analytics, artificial intelligence (AI) and the IoT to boost customer engagement and business operations.

### ***Corporate social responsibility (CSR)***

Sage Group Plc implements CSR and celebrity into its major business strategy. Identifying the rising significance of social and environmental responsibility, the organisation has focused on decreasing the carbon footprint and improving resource efficiency in the supply chain.

### ***PESTLE analysis***

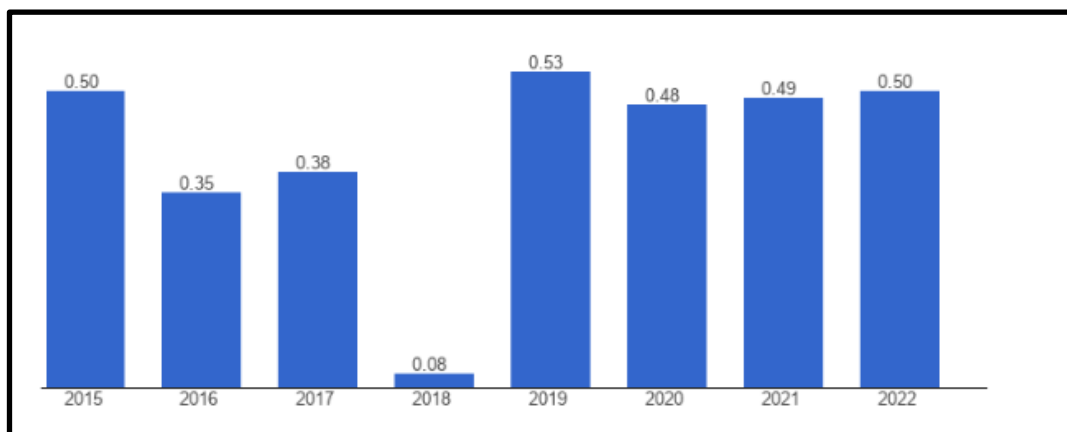


**Figure 2: Political stability of the UK**

(Source: The Global Economy, 2023)

The EU withdrawal led to a shortage of labour, influencing the capacity of Sage Group Plc to recruit top talent. Additionally, a decrease in inflation as well as interest rates in the UK offer potential is stable economic growth. Economic growth provides opportunities for businesses to invest in technology advancement and R&D (Balcerzak et al., 2023). Moreover, the greatest literacy rate in the UK is effective for Sage Group Plc's requirement for skilled professionals in emerging technology. The growing trend in sustainability is connected with the commitment of the company to use sustainable practices to boost customer loyalty. Additionally, the technology position of the UK compliments Sage Group Plc's emphasis on emerging technology. However, ensuring the legal laws and regulations of the UK creates issues.

**[Refer to Appendix 1]**

### ***SWOT analysis***

Sage is a prominent provider of business management software mainly for the SME segment. Additionally, a strong brand reputation helps the company to drive greater success. On the other hand, poor social media presence limits the capacity of Sage Group Plc to engage with potential customers. According to the view of Mason, Narcum and Mason, (2021), social media acts as a direct communication channel between the customer and business, facilitating seamless interaction and eliminating barriers. Additionally, the growing demand for innovative solutions within the financial sector provides growth opportunities. On the other hand, the rising competition in the industry in which Sage Group Plc, creates threat for the company.

**[Refer to Appendix 2]**

### ***Porter Five Forces Analysis***

The rising Technology consultancy industry, emphasises AI creating an entry barrier because of the requirement for advanced technological expertise. Moreover, the reliance of Sage Group Plc on advanced technology impacts the operation of the organisation. Additionally, financial service industry clients need innovative solutions to meet specific requirements. The sector in which Sage Group Plc operates becomes more competitive with several players dominating the market.

**[Refer to Appendix 3]**

### **3. Resources and Capabilities Analysis**

#### ***Resources:***

#### ***Technological Expertise***

Sage Group Plc, has highly invested in cloud infrastructure, allowing it to provide flexible and scalable solutions like shake business cloud. The emphasis on advanced technology is the major element of their strategy to offer advanced solutions in the financial service industry. Distributed ledgers and AI play a prominent role in offering innovative solutions that mitigate the specific needs of the clients.

#### ***Human capital***

Sage Group Plc, hired a team of more skilled professionals in customer support, software development and R&D, driving the continuous product improvement and innovation. The experienced and skilled workforce is important in opening innovative, high-quality solutions which connect to provide great value to clients. Human Capital Management plays a prominent role in improving the employee's efficiency (Eva Pavlinušić Vilus et al., 2023). It allows businesses to strategically execute the organisation plan. On this note, the skilled workforce at Sage Group plc is helpful in bringing ongoing innovation.

#### ***Capabilities***

#### ***Sustainability and ethical practices***

The commitment of Sage Group Plc, to ethical practices and sustainability connects with the contemporary business value. This capability improves the appeal of organisations to socially responsible customers and supports their business strategy by implementing sustainability into business practices.

#### ***Adaptability and innovation***

Sage Group Plc, capacity to adapt and innovate technology changes is the major capability. Millions of businesses across the world trust Sage for its dedication toward customers. Sage business cloud offers customers with the digital environment of application and services that develop it easy for them to collaborate, connect and pursue business (Sage, 2024). These capabilities help out their strategy of being at the top of technology growth, confirming they provide effective solutions to their clients. Innovation has a competitive benefit, enabling us to meet market demand with creative solutions (Schulze and Pinkow, 2020). On this note, the adaptability capability of Sage Group Plc aids in driving the greater success of the organisation.

### ***Alignment with the corporate strategy***

Sage Group Plc, capabilities and resources are well developed with its strategy emphasising on emergent technologies. Moreover, powerful client-centric approaches are connected with the strategy of offering high-quality solutions. For example, the expertise of Sage Group Plc, AI allows the company to efficiently cater for the needs of the customer. Moreover, the commitment of companies towards sustainability connects with their corporate goal. This connectivity improves brand reputation and attracts potential customers who prioritise ethical business practices.

### **4. Strategy Implementation and Success Evaluation**

Sage Group Plc has efficiently adopted its business and corporate strategy, developing a competitive position in the market. One of the prominent strategies of Sage Group Plc has been its emphasis on emerging technologies such as AI. The transition to cloud base solutions, highlights the sage business has been gaining a numerous success. Sage Group plc, total revenue rose by 18% to £195 million by the rise in cloud native revenue of 25% to £353 million, specifically with the help of new customer acquisition (Yahoo Finance, 2024). Ongoing investment in R&D has enabled sage to stay ahead in the market in terms of Technology advancement. This strategic emphasis has enabled organisations to mitigate the rising demand for innovative solutions within the financial service industry, thereby improving the market position. Distributed ledger technology that is decentralised, the data remains readily available and intact on the go (Soltani et al., 2022). As per the current report, Sage Group Plc has a focus on providing good quality technological consultancy Services, resulting in greater satisfaction of clients.

A powerful brand reputation is important for an organisation, offering an effective benefit that supports long-term success (Rust et al., 2021). It fosters greater customer loyalty, converting the customer into an advocate of the brand who efficiently enhances the brand's influence and reach. This strategy connectivity has been important for managing the organisation in the greatly competitive Technology consultancy market. Strategic collaboration can be an effective tool for innovation, growth and competitiveness (The role of KIBS and consultancy in the emergence of Circular Oriented Innovation, 2021). It offers businesses a way to gain business objectives efficiently and effectively. Additionally, Sage Group Plc has demonstrated growth and resilience to spice up the complicated economic landscape. The strategic decision of the company to enhance its operation and invest in sustainable practices has resulted in numerous cause savings and improvements in efficiency.

### **5. Sustainability and Environmental Considerations**

Environmental consideration and sustainability are vital for ventures due to numerous reasons that include regulatory compliance cost-saving measures risk management and market demand. Governments worldwide are involved in adopting strict environmental regulations. Sage Group plc, focusing on becoming net zero by

2040, empowering SMEs to get to net zero and by advocating for sustainability. The updated strategy of the company having three pillars which are protecting the planet, Tech for good, and human by design (Sage, 2024). Ventures must comply with regulatory compliance to avoid fines, legal actions, and penalties. The government of the UK has taken initiatives towards promoting environmental sustainability and obtaining net zero carbon emissions by the year 2050 (Department for Energy Security and Net Zero, 2023). This initiative has pressured companies to embrace witty changes that can assist in decreasing environmental sustainability. Adapting and anticipating future regulations can be involved in ensuring long-term viability that decreases the risk of sudden operational disruptions. Sage Group Plc operates under a governance and regulations framework by the UK government and stock exchanges. Sage Group Plc is involved in providing technological consultancy to the UK financial service industry that assists in unleashing game-changing innovation. The company can further foster its environmental sustainability initiatives by providing sustainability among its employees through awareness programs, training, and incentives on environmentally responsible behaviours (Pham et al., 2020). It can assist its employees in analysing the vitalness of sustainability and environmental considerations within the firm. The company can invest in renewable energy sources that involve decreasing carbon footprints and other operational costs over a longer period. Integrating sustainable products across its operations such as waste reduction, energy efficiency technologies, and sustainable sources of material can assist Sage Group Plc in leveraging sustainability initiatives.

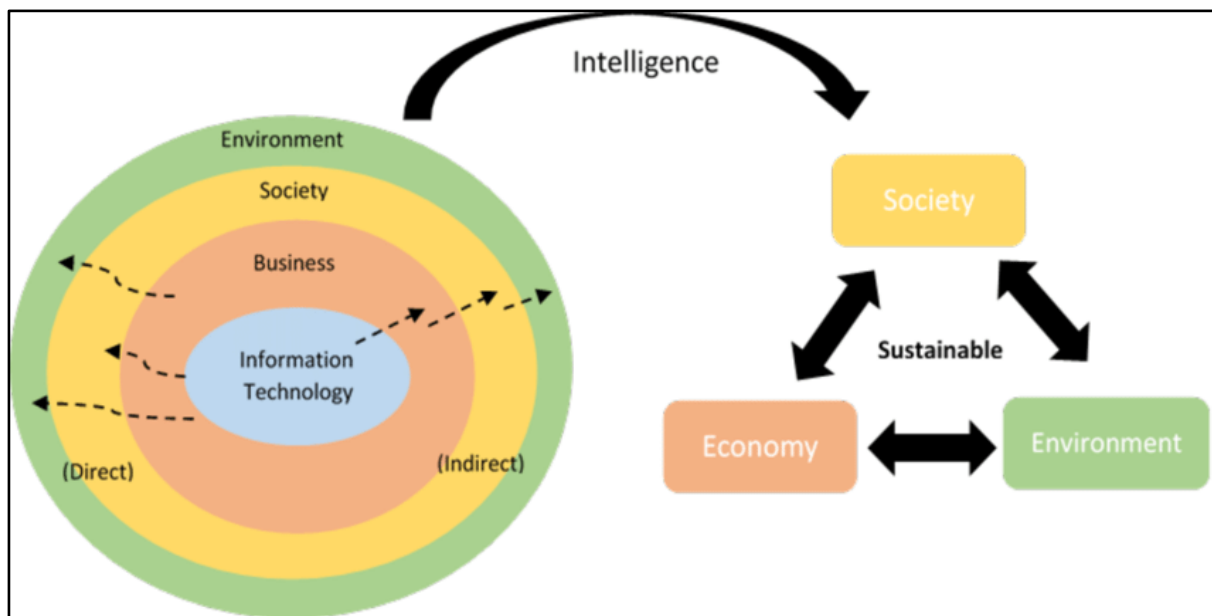


**Figure 3: Technology and Environmental Sustainability**

(Source: Wang et al., 2022)

Sage Group Plc can integrate with emerging technologies such as distributed ledgers, artificial intelligence and extended realities to enhance its operational efficiency and decrease environmental impact. Artificial intelligence can significantly optimise energy use towards predicting maintenance needs that can prevent wastage and streamline supply chains that can decrease emissions. Extended reality can improve remote collaborations and decrease the need for travel. Distributed ledgers can be involved in ensuring effective

resource management and transparency while quantum computing can optimise better energy frequency through its complex systems (Wang et al., 2022). Investing in renewable resources for its operation is vital for Sage Group Plc as it can transit to wind solar or hydroelectric powers for its facilities. This can be fostered by installing energy efficiency equipment to monitor or manage energy consumption within real-time scenarios. The adoption of blockchain technologies can significantly improve traceability and transparency within the supply chain and ensure sustainability standards (Centobelli et al., 2022). The adoption of circular economic models that can optimise resource consumption and decrease waste. Sage Group Plc can design its products for recyclability, longevity and reusability. Sage Group Plc can leverage its technological expertise towards Promoting energy efficiency that decreases environmental footprints. Conducting regular assessments on environmental impact can assist companies in determining the areas of improvement that need to be improved along with tracking its sustainability goal (Lu et al., 2020). Sage Group Plc can be involved in collaborating with government bodies, industry peers or nonprofit organisations that contribute towards the sustainability efforts that have been leveraged by the company. Participating in sustainability-focused initiatives that can drive innovations and contribute to a broader environmental goal can be beneficial for the company to leverage.

## **6. Future Strategic recommendation and direction**

### **Future direction**

#### ***Technology diversification***

Sage Group Plc can focus on continuing to invest and expand capabilities in technology, specifically in emergent technologies. By leveraging effective technology solutions and embracing innovation, unlock new opportunities for expansion and growth (Abdul et al., 2024). Thus, Technology expansion supports Sage Group Plc's use of advanced technology to overcome the rising requirements of clients.

#### ***Market diversification***

Diversifying into New Markets both across various sectors and geographically, provides support to overcome challenges and drive growth. The present focus of Sage Group Plc on the financial service industry can be exported to involve retail, healthcare and manufacturing, where there is rising demand for advanced technological solutions. Diversification support decreases the risk of losing customers due to the repetition of similar products (Anwer et al., 2023). Henceforth, market diversification can provide an opportunity for Sage Group Plc to increase profitability.

#### ***Recommendation for sustainable practices***

##### ***Focusing on reducing carbon footprint***

Sage Group Plc can focus on adopting methods to decrease carbon footprint such as enhancing energy utilisation in business processes and motivating remote work. Investing in renewable energy resources and implementing energy-efficient technology can lead to achieving the carbon footprint reduction objective.

Beyond the environmental benefit, carbon reduction provides a significant business advantage, with help to enhance operation efficiency and boost the company's reputation. This can support providing long-term benefits to Sage Group Plc.

### ***Implementing green technology solution***

Sage Group Plc can focus on utilising its technology to provide and develop the technology solution to the customer. This can consist of supporting the implementation of renewable energy Technology, developing smart building solutions and energy-efficient IT systems that decrease the conjunction of energy. Green technology contributes the potential to decrease environmental influence (Ernest Baba Ali et al., 2023). The utilisation of renewable energy such as wind and Sun to develop electricity decreases the reliance on highly polluting fossil energy sources.

## **7. Conclusion**

It has been concluded that strategic sustainability is important for businesses to gain the long-term competitive benefit. Sage Group Plc, technology consultancy focuses on digital transformation and utilises advanced technology such as AI. Moreover, UK political stability provides the company with an opportunity to grow. Additionally, rising technology development complements the business operation of Sage Group Plc appropriately. However, the rising threat of competitors and the sustainability trend create issues for Sage Group Plc. Human capital and technological expertise resources as well as innovation capabilities provide long-term benefits to the company. Thus, strategic planning supports ensuring effective sustainable business.

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## Appendices

### Appendix 1: PESTLE analysis

| Factors                  | Analysis                                                                                                                                                                                                                                                                                         | Impact   |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <b>Political (P)</b>     | <ul style="list-style-type: none"><li>• The European Union (Withdrawal) Act, 2018 of the UK significantly impacted due to shortage of labour (Legislation.gov.uk, 2018).</li><li>• UK political stability reported 0.50 in 2022 increase from 0.47 in 2018 (The Global Economy, 2023).</li></ul> | Positive |
| <b>Economical (E)</b>    | <ul style="list-style-type: none"><li>• The inflation rate of the UK reported at 4% in 2023 decreased from 9.9% in 2022 (Clark, 2024).</li><li>• The interest rate of the UK stood at 5.25% (Bank of England, 2024).</li></ul>                                                                   | Negative |
| <b>Sociological (S)</b>  | <ul style="list-style-type: none"><li>• The literacy rate in the UK reported a 99% daily impact on Sage Group Plc business operations (National Literacy Trust, 2019).</li><li>• The rising sustainability trend in the UK significantly impacts business performance.</li></ul>                 | Positive |
| <b>Technological (T)</b> | <ul style="list-style-type: none"><li>• The technology industry ranks #1 in Europe and #3 globally.</li></ul>                                                                                                                                                                                    | Negative |
| <b>Legal (L)</b>         | <ul style="list-style-type: none"><li>• “National Minimum Wage Act, 1998” significantly impacted the business performance (Legislation.gov.uk, 2012).</li><li>• The “Equal Pay Act of 1970” significantly influenced business in the UK.</li></ul>                                               | Negative |
| <b>Environmental (E)</b> | <ul style="list-style-type: none"><li>• “The Environmental Protection Act 1990 of the UK significantly impacts business sustainability performance (UK Government, 1990).</li></ul>                                                                                                              | Negative |

## Appendix 2: SWOT analysis

| Strength (S)                                                                                                                                                                                                                                                                                 | Weakness (W)                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Sage Group Plc, is a leading provider of software for business management, mainly in SMEs (Sage, 2024).</li><li>• Sage Group Plc, developed a powerful reputation for trustworthiness and reliability.</li></ul>                                     | <ul style="list-style-type: none"><li>• Sage Group plc, specifically emphasizes SMEs my limit is the capacity to diversify the customer base (Sage, 2024).</li><li>• Despite sage investment in cloud solutions, it has been less as compared with the other competitors in the market.</li></ul>          |
| Opportunity (O)                                                                                                                                                                                                                                                                              | Threat (T)                                                                                                                                                                                                                                                                                                 |
| <ul style="list-style-type: none"><li>• The rising demand for innovative solutions in the financial industry presents potential growth advantages (Sage, 2024).</li><li>• Opportunity to diversify into other sectors as well as global markets utilising technological expertise.</li></ul> | <ul style="list-style-type: none"><li>• The economic downturns, mainly those impacting SMEs, can actually influence the profitability and revenue of Sage's.</li><li>• The business of their market is more competitive with the key player such as Zero and QuickBooks creating numerous threat</li></ul> |

### Appendix 3: Industry Five Forces Analysis

| Forces                               | Analysis                                                                                                                                                             | Impact |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| <i>Threat of New Entrants</i>        | <ul style="list-style-type: none"><li>• Greater technical expertise and initial investment necessary to make effective business management software.</li></ul>       | High   |
| <i>Bargaining power of suppliers</i> | <ul style="list-style-type: none"><li>• Less cost for switching hardware and software elements decreases the power of the supplier.</li></ul>                        | Low    |
| <i>Bargaining power of buyers</i>    | <ul style="list-style-type: none"><li>• Sage primary customers are SMEs, price sensitive boosting their bargaining power.</li></ul>                                  | Medium |
| <i>Threat of substitute</i>          | <ul style="list-style-type: none"><li>• Higher technology changes can result in the development of more effective substitutes.</li></ul>                             | Low    |
| <i>Industry Rivalry</i>              | <ul style="list-style-type: none"><li>• Ongoing differentiation and innovation are vital for managing a competitive position, resulting in higher rivalry.</li></ul> | High   |