June 2002

Volume 13 Number 8
Available by Subscription Only

ISSN 0967-2583

ovum HOLWAY

SYSTEMHOUSE

The monthly review of the financial performance of the UK software and IT services industry

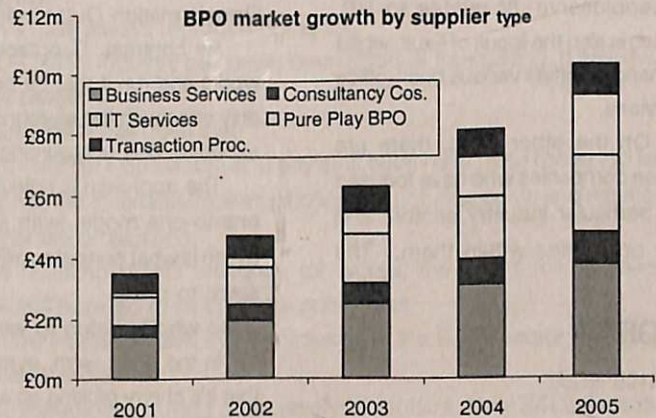
BPO - THE ONLY PARTY IN TOWN

As many of you will know, we are just completing research into the business process outsourcing (BPO) market. By way of whetting your appetite, here are some answers to the questions we raised at the start of our research.

Is there really a BPO market out there or is it still all marketing hype?

Yes there is a market, but there's also a lot of marketing hype.

There's no doubt that there has been a climate change with regard to BPO, largely driven by the current economic downturn. When you're trying to reduce or manage costs, outsourcing the responsibility for whole chunks of business seems like a sensible way to go (provided you choose the right supplier).



But cost is by no means the whole story – there is a lot more to it than that. There are many and varied associated reasons for offloading responsibility for parts of a business, ranging from the fact that it is just a pain to handle to the possibility of expanding the organisation more quickly if the infrastructure is outsourced. With that in mind, it is no good entering this market with a blinkered 'I can reduce costs too' approach.

Undoubtedly, though, the next bandwagon has rolled into town, so expect to see all sorts of companies and services re-labelled as BPO. (A reminder of those days of yore when all IT services came with an e- tag on the front)

What's in it for successful IT outsourcers?

IT outsourcing is a buoyant sector, as attested to by last year's 19% market growth in the UK. But it is also becoming more competitive. Players are starting to lose business to offshore companies like Wipro and Infosys. Even if they have their own offshore operation it's still putting pressure on margins.

And the fact that BPO is higher up the food chain is itself a potential threat to IT outsourcers. BPO invariably includes outsourcing the IT, so the prime contractor on the BPO deal will be calling the IT shots.

How big is the opportunity?

Ah – how long is a piece of string? If the ultimate aim of BPO is to create the virtual company, where only brand management is handled in-house and the rest is outsourced, then the sky is the limit. Hence the huge (and varied) assessment of the market.

We have restricted our estimate to that part of the market that is, or will be, accessible to our audience, i.e. those companies active in the IT services market. With that in mind, we believe the BPO market was worth some £3.5bn in 2001 and will grow by around 30% a year through to 2005.

Is this just the next step up from IT outsourcing with the same players moving up the value chain?

Yes and no. Certainly the IT outsourcers will be significant players, but there are a range of other companies looking for a slice of the action, each with particular advantages and disadvantages:

- Management consultancies – the Accentures and PwCs of this world – with an eye for an opportunity and the business credibility and board level contacts to capitalise
- Business services companies, like Amey and Hays. BPO is a natural progression for services suppliers, but they do need to have the necessary IT expertise on board, like BPO specialist (and market leader) Capita.
- Transaction processing players, like Ceridian Centrefile and ADP, with years of in-depth process knowledge and a desire to move further up the food chain.
- Last, but by no means least, pure-play BPO companies like Xchanging and Exult, specifically set up to address the market opportunity. There is also a steady stream of joint ventures being created in this space, like e-peopleserve, the Accenture/BT JV (although now all Accenture). Indeed, all Xchanging's deals are constructed as JVs.

What business processes are we talking about?

Any and all.

[continued on page two]

[continued from page one]

At the moment the market can really be split into two types of activity. On the one hand there is a range of horizontal back-office applications common to most businesses; finance and accounting, HR, SCM/logistics and CRM.

This is a market relatively easy to enter and where many of the early market players have focused. The e-peopleserve JV relates to HR, which is also the focus of Exult, whilst Xchanging offers various back-office services.

On the other hand, there are those companies who have focused on particular industry sectors and the processes within them. The public sector, particularly local government, has been a leader in BPO, so it is a focus for a number of companies, including Capita, Serco, ITNET and HBS.

Outside the public sector the main vertical focus is in the finance sector, where JVs between suppliers and customers have been the order of the day, e.g. EDS Credit Services, a JV with Abbey National, and iPSL, the Unisys venture with Barclays and Lloyds.

Are all the types of companies competing for the same business?

Not really. Each has a different take on the market. For instance, consultancies are interested in maximising their fees through re-engineering a disorganised or dysfunctional process, hence the constant talk of Business Transformation Outsourcing (BTO), BPO's big brother.

By contrast, IT outsourcers would rather just take over something that works and run it that bit better. The pure-plays would argue that they are the only ones with the all-round capabilities, i.e. process knowledge, management expertise and outsourcing experience.

The approach is reflected in the service offering, for instance whether it is one-to-one model (with staff transfer) or a shared services/1:many model, which is what consultancies (with more of a short-term, project-based mentality) seem to prefer.

So who is going to win and lose?

In the short term, everyone. The thing about the current BPO market is that it's cherry picking on a grand scale. There is plenty for all. The limitation is the supply not demand.

But it's the pure-play start ups that threaten to steal much of the growth, accounting for about a fifth of the market by 2005 – assuming they're still around. It's not easy to manage growth when it revolves round single contracts worth £50m+ a year. The likes of Exult and Xchanging still have a way to go to prove they can achieve their ambitions. The failure of US pure-play company Leapsource (also an ex-Accenture employee venture) shows that growth needs to be carefully managed.

Everyone's a winner then?

Only for a couple of years. Everyone is piling into those easy, horizontal market sectors, like finance and HR. Before long this will be a crowded sector and there will inevitably be some consolidation.

Those companies that want to be a long-term success in BPO need to plan ahead. Either pile in now and invest in building a significant market share of a horizontal market, or build niche process expertise in a vertical sector where it is easier to establish a dominant position. Those who fall between the two are those that will be 'consolidated' in 2004/5. The sun won't always shine as it does now.

Is this a market I should be investing in?

Yes. The market is developing fast and those that are not already planning their strategy will lose out.

Few companies are in a position to go it alone, so there are lots of acquisition, merger, joint venture and partnership opportunities. This is the best prospect for IT services suppliers for the foreseeable future.

Companies that are outsourcing their business processes are seeing the benefits in their share prices, and so will the BPO suppliers. And if the prospect of Xchanging IPOing for £1bn in the current climate isn't enough to persuade you I don't know what is.

Its the only party in town.

Ovum Holway's report 'Business Process Outsourcing in the UK: Impact and Opportunity' will be published in June. Please contact Andrew Randles (ajr@ovum.com).

INDEX

IN THIS ISSUE

Company	Page
Aveva	12
Azlan	5
Civica (Sanderson)	15
Dimension Data	8
ECsoft	12
Eidos	13
Focus Solution	10
Ingenta	7
MMT	7
Protagona	13
RDL	6
RM	14
Sage	9/10
Servicepower Technologies	11
Synstar	13
Ultrasis	6
Vertex	11
Xansa	4/5

OTHER ARTICLES

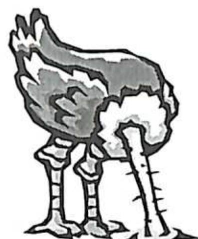
Article	Page
Holway Comment	3/4
Results	16/17
SCS Index analysis	20
Share Prices	18/19
Mergers & Acquisitions	15
IPO table	15

INDICES (changes in May. 02)

Index	Change	Value
Holway SCS	-4.4%	3911
Holway Internet	-3.5%	2655
FTSE IT (SCS)	-14.6%	528
techMARK 100	-6.2%	991
FTSE 100	-2.4%	5041
Nasdaq Comp	-3.3%	1632

HOLWAY COMMENT

FACING REALITY



My Mum was my greatest ever fan. Her descriptions of me in front of her friends were totally unrecognisable to the reality. She described the son she really wanted me to be...not the son I was. Fortunately it was an innocent lie which did nobody any real harm.

Analysts' Buy/Sell notices and associated forecasts are not quite so benign. John Plender (FT 20th May 02) quoted learned research on analyst predictions and concluded, *"Either way what emerges beyond any doubt is that analysts are **very optimistic.** Between 1996 and 2000 some 68% of their stock recommendations were 'Strong Buy' or 'Buy', 29% 'Hold' and just 3% 'Sell' or 'Strong Sell'."*

"Coconuts can go down as well as up. But they didn't earn their pay".

Perhaps many readers feel remote from such analysts, even though they have probably had a severely negative effect on your pension scheme.

Closer to home however, for the last several decades we have had sales people and sales directors, who have similarly told us – and their boards and shareholders – what they thought we wanted to hear. You can vary the script around the same theme, *"It's been a tough month/ quarter. But we have reached the nadir. Although sales decisions have been delayed, they will come in next month. The shortfall in Q1 will be made up in Q2"*.

We can, with complete honestly, state that in 30+ years:

1 – This prediction has *NEVER* come to pass.

2 – We have *always* given said sales people the benefit of the doubt – *well once anyway.*

3 – We have *always* regretted doing so.

The UK S/ITS industry has never been good at forecasting. It has always ***"Lived in Denial".***

The end result has been that:

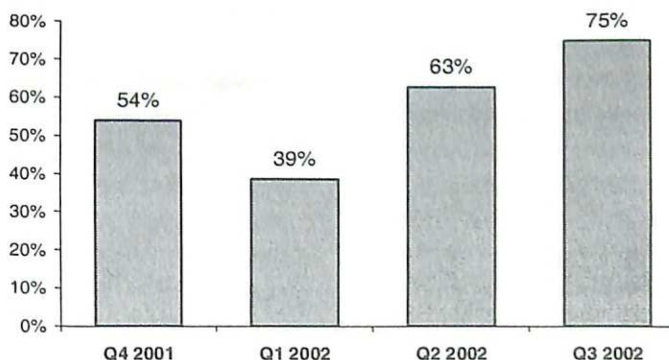
- Cost cuts (let's be upfront and say staff cuts) have been made too late.
- This has led to excessive, exceptional restructuring costs and resulted in missed financial projections.
- The resulting profits warnings (or worse, the actual results missing expectations) have led to steep share price dives.
- In turn, investors have lost confidence in the S/ITS sector; resulting in lower relative valuations.
- Just like a house buying chain, everyone suffers. New S/ITS IPOs don't happen (or in the case of Detica get reduced in value pre-float and sink to a discount post-float), VCs don't invest ('cos they can't exit in a float), angels don't back start ups...etc. etc.

Readers of a certain age might well remember previous Holway comments on a similar theme. We also hope that they will remember our constant warnings/ forecasts about the current market conditions.

In researching this article, we fell upon the first issue of the CSSA's newsletter **hard copy** published in July 1999. ***"Chiefs up-beat on business outlook"*** the front page headline screamed. The first CSSA CEO Trend Survey had found that *"over three-quarters (of CEOs) felt the same or were more optimistic"* than six months previously.

Holway's picture loomed over the front page ***"Predicting a downturn"***. *"Industry watcher Richard Holway says profits and share prices will slump....".* (For your amusement, the **hard copy** article goes on to say *"Holway says that he's no longer a one-man band – "we now have two and a half people"*. Oh Happy Days...)

In the event only 42% equalled or increased profits in 2000. And, let's give



(continued on page four)

[continued from page three]

you a preview of what actually happened in 2001. ***It was even worse.*** A mere 23% of UK S/ITS companies actually increased their profits. 18% decreased profits (but at least made some!) but a massive 59% made losses.

But CSSA members continued, quarter-on-quarter, to show an inverse image of the actuality.

And now?

"75% of CSSA members surveyed stated that they were either fairly or very optimistic about their company's prospects in Q3 (2002)".

So that's alright then. Given all the input. Given all the research from us and our competitors. Given CBNC, Bloomberg and all the other channels screening news of profits warnings and worse, over three-quarters of CSSA members remain optimistic.

This is no laughing matter. Just like my Mum's rose-coloured view of me, you might think it was rather positive and, at worst, benign.

Think on!

Let's take an example. **Logica** will suffice.

Let's face it, most analyst and media comment questioned Logica's view of the market back in 2001. Logica went out of its way to convince us (and everyone else) that it was *"immune"*. The reaction, therefore, to the latest profits warning this month was both predicable and fast. Logica's share price crashed x% in the month and is now an incredible y% off its high back in 2000.

"Management has ham fistedly taken market expectations lower in recent months but it has done nothing for its credibility by delaying a profits warning until now. Complaining that current market conditions make forecasting difficult smacks of ducking legitimate management challenge". Lex in Financial Times 11th May 02.

"Logica admitted that the market for its product was proving tougher than it expected even at the time of the last profits warning. Critics interpret that as tantamount to confessing that it had been unreasonably bullish". Patience Wheatcroft in The Times 11th May 02.

"Read is fast developing a reputation for being the Tony Blair of the technology sector given his predilection for spin". Dearbail Jordan – The Times 18th May 02

There is no fury like an analyst spurned....

What now?

Even if you only subscribe to **SYSTEM**HOUSE, you will have read our latest (and by the way totally consistent over the last 3-4 years) forecast for the S/ITS sector. Holway@Ovum, published this month, shows that 2002 – 2003 will see little or no growth overall in the UK S/ITS sector; with what growth there is being concentrated on outsourcing. Whereas the market for "new project" work is likely to continue to decline.

Face reality. It is not going to get any better (and might indeed get worse) in the next few quarters.

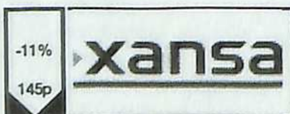
Long range forecasting is an art – rather than a science – but if you are looking for an upturn, you will have to wait until well into 2003.

Managing in a downturn

We attended Geoff Unwin's leaving *"bash"* from CGEY this month. We happen to believe that he was (is?) one of the better managers/CEOs that our industry has produced. At the Regent Conference in Jan. 99 we well remember him being castigated for saying that, *"Making profits in 1998 was like shooting fish in a barrel"*.

Making profits – or any revenue gain at all – in 2001/2002 has required some really rare management skills too.

Those that have achieved this feat – and, as we have said above, that's a distinct minority of our sector – have been those that have *"faced reality"*, taken the really tough decisions, and have survived to face not only another day, but to take advantage of the opportunities that we are sure will be around in the year to come.



NEW CEO FOR XANSA

It has been announced that Hilary Cropper - currently Executive Chairman of **Xansa** - will become non executive from 1st Aug. to be replaced by Alistair Cox. Alistair Cox? Well you might ask. Cox *"joins from Lafarge, a world leading company in building materials where for the last four years he has been regional President for Asia"*. Hilary will become/stay as non executive Chairman. We are not quite sure what role current Group MD Jo Connell has.

Comment - Cropper been criticised for combining the roles of Chairman and CEO so used this as justification for the move...as well as saying *"Well, Richard, even I can't go on forever!"*. (One shouldn't reveal a lady's age of course...but she's 61). It wasn't Cropper standing aside that concerned us anyway....even Holway can't go on forever! It was the choice of her replacement. We had our usual *"robust"* conversation *(something we will miss now!)*. Clearly Hilary has great admiration for Cox and wanted to recruit him 5 years ago - *"He*

[continued on page five]

[continued from page four]

is hugely strategic, very intelligent...". Cropper said that she deliberately looked outside the IT industry as she had *"never been too impressed with the management within the IT industry"*. We asked why someone with four years experience of cement would be the right candidate to run a people business. We were told of Cox' experience at McKinsey & Co etc...Told of Xansa's increasing interest in BPO...which is far more business oriented than IT etc. In some ways, we agree. Afterall Kevin Lomax at **Misys** came from a Hanson "*smokestack*" industry background and he hasn't done too badly! And, let's face it, some of the best managers in our business came from other professions (e.g. Aldridge, Pindar and their team of accountants at **Capita**, Read at **Logica**...even Geoff Unwin at **Hoskyns/CGEY** was a marketing executive at Cadbury's).

We will reserve judgment until we meet Cox. But, we did think that the press release could have been better - it begged more questions than it answered.

The other problem with new CEOs is that, if they have any sense, they clear the cupboard on arrival. Xansa has an awfully large cupboard. I.e. exposure to *"goodwill impairment"* (not news...we have criticised this before) resulting from the **Druid** acquisition. It still has nearly £800m of goodwill on the balance sheet resulting from those acquisitions compared with its current market capitalisation (for the whole of Xansa) of c£530m. **CMG** and others have faced up to this. Xansa should too. What we sincerely hope will NOT happen is *another* profits warning. Two in six months is enough.

But, finally, we do wish Hilary well in her retirement.

AZLAN -TAKING PRIDE IN ITS RESULTS

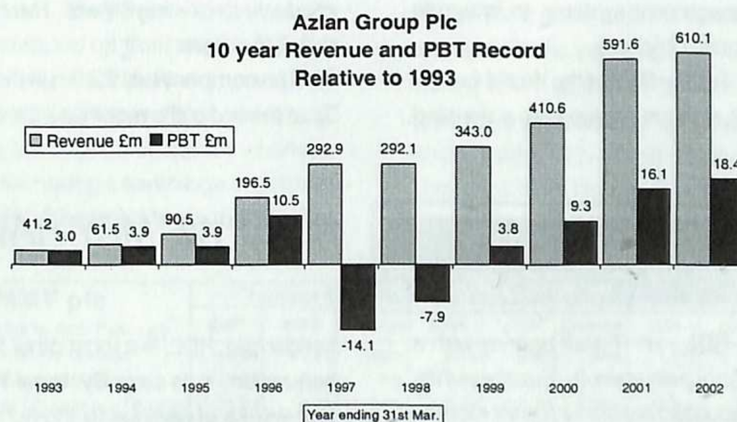
Azlan has announced its preliminary results for the year ended 31st Mar. 02. Turnover rose 3.1% to £610.1m, PBT rose 14.3% to £18.4m and EPS rose 16.7% to 11.9p.

Of its three divisions, distribution continues to generate the lion's share of revenues (89%) up 4% to £544.5m with operating profit up 21% to £69.3m.

The training business continues to be in the doldrums, revenues fell 9% to £42.7m with operating profit down 21% to £4.2m.

In its fledgling services business, revenues rose 22% to £22.9m with operating profit also up 12% to £1.8m.

73% of Azlan's turnover now originates from continental Europe compared to 71% last year.

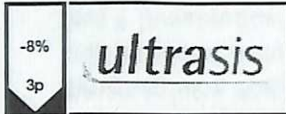


Comment: These aren't a bad set of results. Azlan has benefited from the trend in vendors of reducing the number of distribution partners that they operate with. This has helped Azlan to sustain its figures by grabbing market share from other suppliers, rather than generating new opportunities. Although the company also reports that its value added services helped to enhance operating margins. In a departure from its business model the company is also working on new partnerships and reports seeing business opportunities in supply chain outsourcing from consultancies and system integrators.

The training business, not surprisingly, is still under pressure and the combination of high fixed costs and falling revenues has meant that its contribution towards profits fell from 17% last year to just 8% this year. The company has taken actions to reduce its cost base. Headcount was reduced by 49 in 01/02 and a further reduction of 60 is expected in the current year. The company has also exited three properties in the UK, Sweden and Denmark.

The increase in turnover in its services division is welcome, but at 4% of total revenues is still smallfry. This division supports the distribution business offering telephone support, maintenance services and remote management services.

It's testament to Azlan's cost control that the company can still report rising PBT in spite of these difficulties. For the future the company reports that trading in the early part of the year in the product and services business is broadly in line with the prior year but market conditions for the training business remain challenging.



ULTRASIS – IN POOR HEALTH?

Ultrasis, which describes itself as *"an international provider of interactive healthcare products and services"*, has released results for the six months to 31st Jan. 02. Revenue may be up 137% - to just £315K – but it is far outweighed by the deepening losses, from £2.4m in the same period last year, to £3m. Loss per share has 'improved' from 1.1p to 0.5p.

Turnover to the UK market almost doubled, but the loss on ordinary activities before tax stayed much the same at just over £2m. In the UK the company now has an agreement with **EMIS**, the UK's leading supplier of patient information management systems to integrate Ultrasis products.

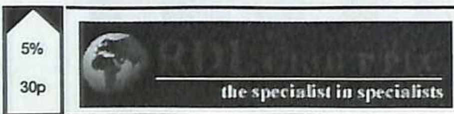
For the Rest of the World (i.e. the US), revenue was up from a standing start last year to a not-very-impressive £63K this, but the loss was up from £384K to £961K. The US is effectively a new market entrance - the office was only opened in Sep. 00.

Ultrasis has appointed a new CEO – Graham Lewis, formerly UK MD of **Siemens Healthcare** – to *"accelerate (our) progress"* and put the company on the path to profitability. Since his arrival (Feb. 02) Lewis has focused attention on selling existing products and developing major accounts – one wonders what exactly the company was focusing on previously!

Comment: In its press release the company said, *"Although revenues have been slow to build, we can see progress in each of our key target areas"*. Maybe so, but is it too little too late? Sure the health sector is doing very well in the UK – particularly patient systems, which received a boost through the recent government spending announcements. But there are also some well entrenched players and lots of enthusiastic competitors with a lot more weight than Ultrasis.

And if ever there was a bad time to open a US office it was Sep. 00. As the company itself says, *"It is a difficult economic environment in which to seek to introduce innovative products"*. As we have said repeatedly over the last year, the route to success in the current climate is through selling tried and tested products to existing clients. New products to new clients in the US market is a recipe for failure.

The company has £2.9m in the bank – is it enough? The share price stood at 3p at the end of the month, a 90% fall on its opening price when it listed in Feb. 00.



RDL: *"WE MAY HAVE SEEN THE WORST"*

RDL - an IT staff agency with a strong presence in Europe - has announced results for the six months to 31st Mar. 02, showing revenue up 33.5% from the comparable period last year, to £28.4m (although this growth was entirely driven by an acquisition made during the period), PBT of £1.1m last time is now a LBT of £455K, and EPS of 4.51p is now a loss per share of 1.28p. Commenting on the outlook, Chairman and MD, Andy Richards said: *"Although there is still uncertainty in the marketplace there are signs that we may have seen the worst of the downturn with December 2001 and January 2002, we believe, being the bottom of the cycle. Our newly combined strength puts RDL in an excellent position to benefit from the upturn in the market"*.

Comment: RDL's results tell a familiar tale. RDL, like most other ITSAs, could only manage revenue growth via acquisition - in its case, **Systems International Group**, which contributed twenty four weeks of revenue to the numbers. Without the £11.6m contribution from SIG, RDL would have shown a 21% decline in revenues. Even before the goodwill amortisation, RDL made a small loss (£40K) during H1, with non-recurring costs of £676K, associated with the reorganisation of the group following the acquisition, taking it deeper. Again, like many other ITSAs, RDL has been stripping out costs from the business, with three office closures and a 24% reduction in headcount since the start of its financial year. The company has also reviewed all expenditure, and has made annualised cost savings in excess of £2.5m, the benefits of which will flow through in H2.

Whilst it is good to read that RDL managed increased sales in Q2 over Q1 with fewer sales staff, its a reflection of the harsh condition facing ITSAs that improving group profitability (or rather, returning to it), is largely dependent on *"progressive reductions in overheads"*. Andy Richards may be calling the bottom of the cycle, but cutting costs, and hoping to weather out the storm is a dangerous strategy (or lack of strategy) for ITSAs, right now. We assume RDL has other plans in mind (capitalising on its European presence, doing more with existing customers, servicing the public sector....) that will go some way to restoring it to profitability and the respectable margins we are more used to associating with the company. The ITSA market is not going to return to the heady growth rates of the late 1990s, and players cannot rely on buying growth (at the expense of profitability). So what's it going to be?

7% 120p

CAUTIOUS IMPROVEMENT AT MMT

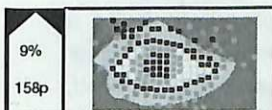
Veteran 'mixed business' (but mainly body shop) **MMT** recovered some ground (i.e. profit) in its first half. Revenue for the six months ended 28th Feb. 02 still fell 14% to £14.6m but they managed to show a small pre-tax profit of £93K in the wake of last full year's pre-tax losses of £2.8m. However, PBT for the first half of FY01 was £1.1m, which shows just how bad H2 really was. Unfortunately, the only reason H1 was positive this year was because of the £104K of interest they earned on their £6m cash pile. At the operating level, MMT made a small loss of £62K, including £72K of restructuring and £305K goodwill amortisation. Their core staffing business (Systems Solutions Division) saw revenue drop 20% to £9.4m, whereas revenue in software products (Packaged Solutions Division) fell 9% to £3.9m. Management consultancy was the only part that saw revenue increase, by a massive 64%, but only to £1.25m. However, two major clients have deferred projects *"to at least 2003"*, so they warn of *"severe deterioration"* in their management consultancy business for the rest of this year. Nonetheless, Chairman (and founder) Mike Tilbrook is *"cautiously optimistic for the near term"*. He also announced he is standing down as Chairman later this year or early next and will swap roles with Deputy Chairman Tom Hall.

Comment: We spoke to new MD (and MMT 'lifer') Peter Onslow, on the day these results were announced. He had stepped up from deputy MD only the week prior, after predecessor Paul Marks resigned *"to pursue opportunities within the management consultancy field"*. Onslow is *"more than comfortable"* with MMT's new structure and reckons they are in good shape for whenever the market upturn happens. Although MMT is launching a new range of software products for the energy market later this year, it seemed to us that Onslow was unclear about their strategy in terms of migrating existing clients across to the new package. OK, it may be because he's new in the role, but given that success in the current market depends primarily on selling more 'stuff' to existing clients (as new ones are so hard to find) we think they need to give a lot more thought to their upgrade business. They are doing some cross-selling between divisions, but again the impression we get is that this is still early days. We think Onlsow will have to come up to speed very, very quickly on the strategy for the software and management consultancy divisions (he was from the body shop side) if he is to come out relatively unscathed from the grilling he will surely get in future from the City and investors. Nonetheless, with a good cash position, at least they won't have to worry about funding for a while. As a side note, how times change! Some years ago we were hailing MMT as the epitome of the 'boutique consultancy' (ok, body-shop) trade, with margins well into the teens and higher. *Those were the days, my friend ...*

MMT plc	Turnover £m			Operating Profit £m*			Margin	
Six months to 28th February	2001	2000	Change	2001	2000	Change	2001	2000
Systems Solutions Division	9.44	11.80	-20%	0.15	0.93	-84%	1.6%	8%
Packaged Soulitions Division	3.91	4.30	-9%	0.08	-1.20	-107%	2.0%	-28%
Management Consultancy Division	1.25	0.76	64%	0.24	0.30	-20%	19.2%	39%
TOTAL	14.60	16.86	-13%	0.47	0.03	n/m	3.2%	0%

Before exceptionals, goodwill, etc
n/m = not meaningful

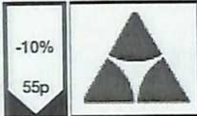
9% 158p



INGENTA ONWARDS AND UPWARDS

Ingenta - online publisher and distributor of scientific, professional and academic research - has announced results for the six months to 31st Mar. 02. Revenue is up 54% to £7.1m (compared to the same period last year), LBT has 'improved' from £7.3m to £4m, and loss per share, previously 14p, is now 7p. Commenting on the results Martyn Rose, Chairman, said: *"The strong forward momentum of the business is now producing rapid growth quarter by quarter, with the second quarter profitable at the pre-tax level.*

Comment: Ingenta has continued to make progress over the period, with gross margins inching up from 82% at the year end (Sep. 01) to 83% in H1. The company also took steps to reduce the cost base, incurring £0.2m exceptional costs as a result of redundancies. If the revenue growth continues, then the company will be on course to report its first pre-tax profits (excluding goodwill amortisation) this year. Ingenta also reported an increasing proportion of recurring revenues, and a high degree of forward visibility - all good stuff in the current climate. With relatively fixed costs and cash reserves of £2.9m, Ingenta should be okay 'til the (real) profits start to materialise.

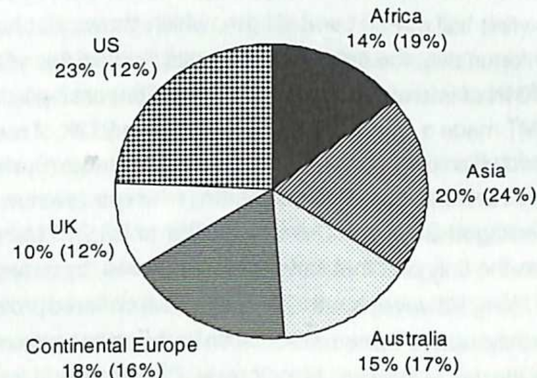


DIMENSION DATA STRUGGLES

Didata has announced results for the six months to 31st Mar. 02 showing revenue down 11% to $1,102m (c£757m) compared to the same period last year. Operating profit (pre goodwill amortisation, impairment and exceptional items) has slumped from $119.8m (£82.3m) to $38.1m (£26.2m) and pre tax losses deepened from $40.1m (£27.5m) to $693.3m (£476.3m). Loss per share has also dived from 7.9 cents (5.4p) to 53.6 cents (36.8p).

Didata's losses were compounded by $383m (£263m) of goodwill amortisation during the period (largely due to the acquisition of Proxicom), $320m (£220m) goodwill impairment and a further $15m (£10m) provision against Asia debtors.

Didata H1 2002 - Changes in geographic revenue mix



Revenue in Africa was flat at c£106m (at constant currency) but down by 28% in Asia, to £145m. Business was poor in China, Korea and Japan and market conditions resulted in a 33% fall in organic revenue, from H1 01, from the Datacraft operation. In a *"fiercely competitive market"* Australian revenue was down 23% to £107m.

Continental Europe was the best performance, with revenue down just 1% (at constant currency) to £129m. The benefit was mainly felt in Central Europe, including Benelux, France and the Netherlands (funny, we though the Netherlands was part of Benelux!) where market share increased. In Germany and Sweden revenue was down - in Germany as the result of a rationalisation of operations. Services revenues were a major factor with growth *"ahead of expectations"* offsetting pressure on technology margins (i.e. hardware).

At £71m, UK revenue was down 26%. The rationalisation of the Merchants Group call centre business was a contributing factor (the company tried, but failed, to sell it last year). In the UK *"customers focused on enhancing existing facilities, outsourcing support and maintenance services and reducing costs"*.

Finally, in the US, revenue was up by 82% to £179m, but most of this was down to the Proxicom acquisition (which only happened late in the period last year). Organic growth was just 1%. There has been billing rate declines in the US and weakness in the e-business market (i.e. Proxicom's area).

Commenting on the results, Jeremy Ord, Exec Chairman, said: *"The first half of the 2002 financial year has been a period of challenges and opportunities. Challenges in that our trading performance has continued to be hampered by tough economic conditions....Customers continue to focus on cost reductions and optimising their existing IT investments. There is little demand for new IT projects so buying cycles are long and pricing pressure intense."*.

Comment: Meetings with Didata over the past year have not really helped us understand the company. Whilst it talks IT services it seems to be a network management company, increasingly trying to add value to the network through embedded applications. Perhaps we're wrong, but there isn't much detail of product and service breakdown to make it clear one way or the other. The vast majority of revenue (c85%) is lumped together as multiservice networks, which includes networks, security, contact centres, voice technologies and interactive media.

Much of this difference in perception of the company is due to its origins in South Africa, where it had a joint venture with **EDS** for a while and came to be seen as an all-round IT systems and services supplier. This view seems to prevail internally, but it's not the impression we get. Much of the revenue is still networking hardware and whilst services are increasing (and contribute 70% of gross margin) they are generally short-term maintenance contracts (even though the company refers to them as managed services, or even outsourcing!)

Why the company has not tried to move more directly into the IT services market, particularly outsourcing, remains a mystery (and we have told them so). It has the critical mass (although, perhaps too thinly spread) to build a capability or be a realistic partner with the significant players. Indeed, the BPO market could be a golden opportunity for Didata - imagine what a BPO purchase, rather than Proxicom (the wrong market at the wrong time and the wrong price), could have done for the company!

Going forward Didata is looking to add more services to deals, improve sales capabilities and create more awareness of the brand, but perhaps a more radical approach is needed.

STILL BORING AFTER ALL THESE YEARS!

We're pleased to announce that **Sage** continues to be as *boring* as ever. In the six months to 31st Mar. 02, turnover is up 22% to £279.8m, with organic growth up 20%, PBT is up 10% to £65.1m and EPS is up from 3.18p in the same period last year, to 3.5p. Sage reported growth in all geographic regions, and added 120,000 new customers during the period, bringing the total number of customers to 2.9m. Commenting on the outlook, Chairman Michael Jackson said: "*We remain cautiously optimistic about the rest of the financial year despite the continuing challenging market conditions*".

In the UK, revenues rose 7% to £76.7m (27% of total revenues). Weaker enterprise sales and restructuring costs contributed to the margin declining from 40% to 36%. Paul Walker was keen to dispel concerns that this reflected an underlying trend and reported he expected margin improvement in H2. Enterprise sales are also expected to improve following investment in new sales staff.

Meanwhile France saw revenues increase by 27% to £46.5m (17% of total revenues) and operating margin to 29% from 26%. The Euro provided some stimulus in H1 but Sage is expecting a tepid climate in H2. Notwithstanding it still expects to meet expectations.

Germany and Switzerland "*which made sound progress*" grew revenues by 8% to £15.6m with operating margin static at 21%.

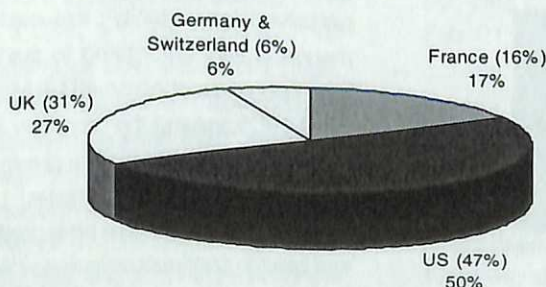
The US, excluding Interact, put in a "*strong financial performance*" and grew by 7% to £115m, with operating margin up 2 points to 21%. Interact reported revenues of £26m and converted an operating loss into an operating profit of £2.1m. Overall the US now accounts for 50% of group sales.

Comment: Michael Jackson sums up Sage's (and our) mantra, "*strong recurring revenues provide stability and growth*". And Sage demonstrates these in abundance. Installed base revenue from the sale of upgrades (£37m), support contracts (£123m), business forms (£16m) and training increased by 23% to £185.1m and now accounts for **66%** of total revenues (65% in 2001). In the last six months, 19,000 **existing** customers bought **new** accounting software/services from the company. Sage has nearly 950,000 support contracts and deferred income of £137.6m (£111.7m in 2001). The churlish might question how much longer Sage can continue to feed off its user base - well the bones aren't showing yet. With 120,000 customers added during the period, and new products being launched, Sage is continually topping up its stocks for the future.

In line with many companies in the software industry new licence growth is proving a bit more illusive. The 19% rise reported is all from acquisitions, indeed organic growth was negative. But Sage is one of the few companies that can withstand this and still report revenue and profit growth.

There was great interest in Interact, where Sage reports "*considerable progress has been made*". In fact revenues have fallen since Sage purchased the company. This was attributed to the disposal of the professional services division, which, in turn, enabled the company to report an operating profit of £2.1m. Operating margins are still low at 8% but Sage expects these to increase to similar levels as the rest of the business, "*over the next two/three years*". Sage has two objectives with Interact, firstly to replicate its accountancy solutions business model thereby generating recurring revenues, and secondly to ensure that it can successfully cross sell the CRM solutions to its accountancy solution customers and vice versa. Sage is optimistic on both counts but it's early days yet, and the CRM market as a whole hasn't been enjoying the best of times recently. We still think that Sage has its work cut out in this area. Indeed, Interact represents a departure from its usual acquisition strategy of buying leading accountancy solution players - we are watching this one with great interest. Will it be another example of where a company *should have stuck to the knitting*? We hope not.

Sage H1 2002 Geographic Breakdown



Despite Sage initially seeming unconcerned about the purchase of Navision by Microsoft, and claimed that it had seen little, if any, impact from the **Great Plains** acquisition, it was later confirmed that Sage had reported the takeover to the Competition Agency in Copenhagen. The acquisition of Great Plains and Navision could signal a change in Microsoft's product strategy from a 'one size fits all' approach to a more localised model, and AFX reported on Sage's "*fear (that) Microsoft will dominate European software for small and*

[continued on page ten]

[continued from page nine]

medium sized companies." If we were in Sage's position we would make the same move. It puts a marker in the sand if nothing else. But it might also increase the likelihood of a bid by MS for Sage. This is not exactly what we want to see happen – more what we have long predicted would be final resting place for Sage.

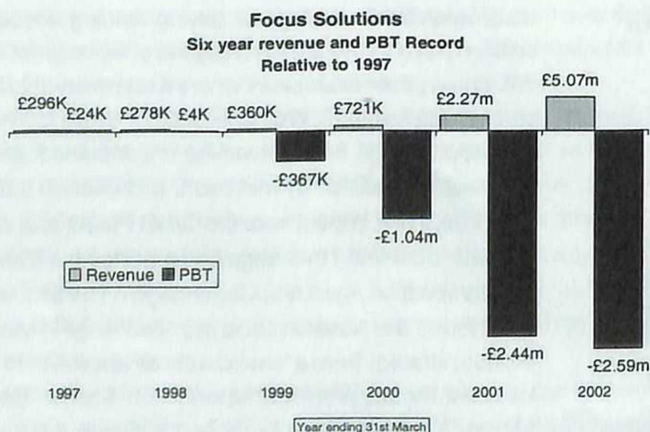
Finally, Sage wants to draw a line under its accounting policy. The company is sticking to its guns and is not going to amortise goodwill. As Sage pointed out it's all perfectly above board and complies with UK GAAP rules - it just makes our job as analysts that much more challenging!

PROFIT CLARITY STILL REQUIRED AT FOCUS

Focus Solutions (sales channel automation software development tools for the insurance sector) more than doubled turnover to £5.1m, in the full year to 31st Mar. 02. Unfortunately though, pre-tax losses deepened from £2.4m to £2.6m, and diluted loss per share increased from 9.7p to 10.3p. The excellent organic revenue growth was achieved through expansion of its customer base in the life and pensions sector, as well as from additional business in existing customers. Even so, growth was slower than anticipated as the market slowdown impacted Focus' move into the UK mortgage market and the US life insurance market. The losses were apparently a result of continued investment in product development and sales and marketing – although the results statement was singularly opaque about cost lines so we'll just have to take their word for it! Nonetheless, CEO John Streets, sees *"significant progress in the coming year"*.

Focus also announced the acquisition of its North American partner, MPO, a US-based start-up that builds applications based on the Focus toolkit. The initial consideration is £727K payable in cash and shares, with a deferred consideration of £3.5m payable in ordinary shares dependent on results in financial years 2003, 2004 and 2005. Like Focus, **MPO**, which had yet to make any sales, reported losses of $713K for the period from 28th Sep. 00 to 28th Feb. 02. The acquisition is expected to be earnings neutral in the year ending Mar. 03, and earnings enhancing (pre-goodwill) in the following year.

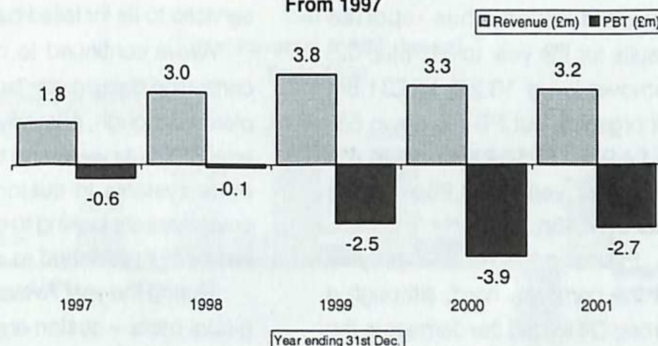
Comment: Focus started life in 1995 developing point-of-sale systems for the insurance industry. They started development of their new core product goal:technology in 1999, raising £10m through an IPO on AIM in Mar. 00 to fund product and market development. Not surprisingly, Focus has been loss-making since then but at least this year revenues exceeded losses. They clearly believe that they can make money out of the notoriously competitive insurance sector, which puts them head to head with players like **Misys** and **Marlborough Stirling**. They already have some big-name clients like Norwich Union, Legal & General, and Skandia, but it's still early days. Focus still have nearly half their IPO funds in the bank (c£4.6m) which at current course and speed will feed and water them for another 18 months. The challenge (as ever) is to build up the revenue stream in existing clients and find new clients before the cash runs out. About 11% of current revenues are recurring, so there's not much 'visibility' there yet. Nonetheless, house broker Beeson Gregory reckons they will make a profit this financial year (yeah, we know, '*they would say that, wouldn't they*'), and maybe they can if they are able continue to grow revenues at a similar rate without pushing up costs too much. That may be a big 'ask' as, although Focus says that the major R&D phase is "*complete*", of course it never is. Also, they have yet to make a sale in the US (indeed anywhere outside of the UK) so they really have their work cut out. Incidentally, Focus recently recruited our good friend and ex-**ITNET** marketing director Claire Forrest in the same role (so she, too, has her work cut out!).



We really do want 'little British battlers' like Focus to succeed but, gosh, no matter how big the perceived 'opportunity', this nasty market is very unforgiving to start-ups. Focus launched on AIM in Mar. 00 at 195p, valuing the company at £50m. This was almost the precise time that tech stocks started to crash, and Focus' shares have pretty well been in continuous decline since then. They ended the month at 53p, an 73% discount to the IPO price.

WORKING WITHIN LIMITED CASH RESOURCES

ServicePower Technologies, which specialises in the provision of "*human resource scheduling software*" has released results for the year to 31st Dec. 01 revealing a 4% reduction in turnover from £3.3m to £3.2m, but an 'improvement' in pre-tax losses from £3.9m to £2.7m. Diluted loss per share also improved from 8.1p to 4.9p. Chairman, Barry Welck, commented, "*With contracted revenue of £1.4m for 2002 and a substantial revenue opportunity from our new business model we have much confidence in the future*".



Comment - ServicePower undertook a cost-cutting exercise which started in Jun. 01 and has reduced the company's operating cost base by £1m annually, but we may be set to see further cost cutting if sales opportunities take longer to convert into turnover than anticipated. There were a few positive signs in the results, such as the increase in support and maintenance revenues of 31%, and an increase in US revenues of 7%, however ServicePower suffered as US customers deferred their spending on software applications until 2002. It now seems as if ServicePower is pinning its hopes on a new US market opportunity where it believes it can take advantage of the new trend for scheduling contract (rather than employed) field service technicians. Its optimism stems from the fact it believes the potential market is "*at least as large as (its) existing marketplace, this time with no incumbent competition*". But we doubt ServicePower is the only company to spot the opportunity, and it will have a tough job of making an impact whilst operating within limited cash resources. Indeed, despite receiving a "*significant cash refund*" from the recent Inland Revenue R&D tax credit scheme, the company's net current assets decreased from £3.6m to £934K over the year. And the Directors have stated that they may have to reconsider the business' cash needs as a result of the move to a transaction-pricing model as opposed to ServicePower's traditional sale of perpetual licence agreements.

VERTEX - ONWARDS AND UPWARDS

It seems to be a case of 'onwards and upwards' for BPO 'unusual suspect' **Vertex**, the "*customer management outsourcing*" arm of multi-utility **United Utilities**. Turnover for the year ended 31st Mar. 02 rose 34% to £282.9m and operating profit (before exceptionals) soared 56% to £15m, a 5.3% margin. Their order book now stands at £1.4bn, of which "*more than three-quarters has been sourced from outside of the group*". This of course includes a huge chunk of business from TXU, to which UU sold its energy supply business, and is therefore no longer 'captive'. Vertex have also signed a c$300m/10 yr deal with Canadian Hydro One and a "*multi-million pound*" 5-year contract with Birmingham City Council. They also have deals with Companies House and Marks & Sparks, and are bidding with **CGEY** (who sold their BPO business to Vertex in a rather complex partnership deal back in Feb. 01) for a "*multi-million pound*" contract with Westminster City Council. UU CEO John Roberts sees Vertex "*well placed to take advantage of increasing volumes in the UK and North America, with our strategic partnership with CGEY UK providing an additional marketing channel*".

Comment: Now that UU's energy supply business has been sold to TXU, this pushes Vertex's 'true' third party revenue to c£215m; nudging the Top Ten leading outsourcers to the UK market. By mid-decade, we are fully expecting our outsourcing rankings to be dominated by BPO players – with as many coming from the business services side (e.g. **Capita**, Vertex, **Hays**, **Experian**, **Xchanging**, et al) as from the IT side (**EDS**, **IBM**, **CSC**, **Accenture**, **ITNET**, **Xansa**, et al). Oh – and we would expect to see some of the offshore players there too, like **TCS**, **Infosys** and **Wipro**.

AVEVA - BETTER BY DESIGN

Aveva (formerly **Cadcentre**) the Cambridge-based engineering design company, has reported results for the year to 31st Mar. 02. Turnover is up 13.2% to £31.8m (all organic), but PBT is down 5% to £4.9m. EPS is also down 4% from last year's 20.26p to this year's 19.48p.

Events in the US late last year hit the company hard, although a strong Q4 limited the damage in the US to revenue growth of just 4.5% for the year. At the same time, the trend towards leasing software, rather than an initial license fee, emerged more quickly than expected in the US and the company adjusted its pricing model accordingly – by far the majority of software licensing in the US is now leased. It's still initial fees in the Far East, with Europe between the two.

This market change impacted both revenue and profit, but with no cost reduction. The gearing up for new products also impacted profitability during the year. On the positive side, though, the company still had £6.4m in the bank at the end of the year, up from £5.6m this time last year.

In the other regions, revenue in the Far East was up 11% and in EMEA up 27% - EMEA now accounts for 36% of total revenue. In the UK, though, revenue grew just 4% to £4.7m.

The trend to leasing meant that revenue from initial licenses was down 26% and now accounts for just a quarter of the total. Recurring license revenue was up 38%, whilst services were up 40% in 2002 to £5.2m, primarily from offering increased services to its installed base.

Aveva continued to develop its services business during the year - the consulting division was launched in May 2001. Progress has been slower than planned though, primarily because of the climate in the US. The call for high-level BPR was weak and the focus is now on integrating Aveva's products with other systems in customer organisations. The company also feels that customers are looking to outsource engineering IT, so Aveva Managed Services has been established as a separate division.

During the year Aveva reorganised its management and sales activity on a global basis – customers often work on projects across multiple sites. The direct channel to market was also developed, with the result that additional sales and support offices were opened in India, Japan, Sweden and Saudi Arabia. There are now 21 offices outside the UK in 16 countries.

Chairman Richard King stated; *"After the turbulence of the past year, Aveva looks forward to steadier market conditions in the coming months, enabling it to benefit from the fact that its product/service offering and competitive position have never been stronger. Aveva anticipates that the trend towards signing new business on leasing terms will be a continuing influence during the current year and will improve both forward visibility and quality of revenues"*. But then he went and spoiled it all by saying *"Aveva views the coming year with increased confidence"*. Readers will know how experience causes us to flinch at the "c" word!

Comment - Aveva has certainly done a lot better than most last year. The US climate had an impact, but the company at least grew its revenue there (in fact revenue growth in the UK was lower than in the US). The reduction in PBT appears to be mainly due to the change in the way customers pay for licenses, as well as to additional investment in new products. But the license fee changes have the upside of a greater forward visibility and quality of earnings.

Aveva is also one of the few companies that has continued to build and invest in the last year. As well as opening new offices to make its offering more global it has also continued to develop services, which is where it should be going. If we had to carp it would be that the services offering seems to have gone off in the wrong direction – investment in BPR is not what companies are looking for in the present economic climate. Integration projects that can produce some real return on the cost in the short term are more likely to be successful, but outsourcing is the real opportunity out there, as readers will know. Hopefully the new division will capitalise on the opportunity. Indeed, Aveva must have real prospects in the BPO market in the coming years, given its sector expertise, and would do well to find an appropriate partner.

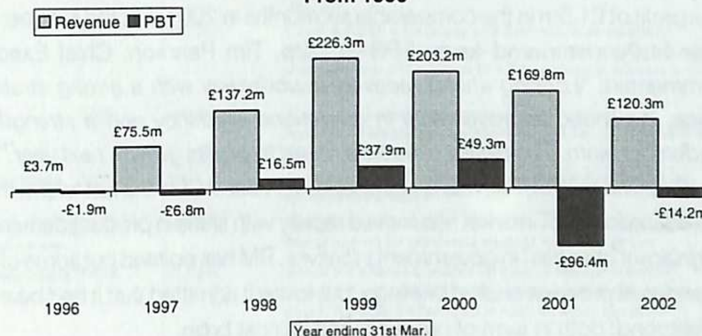
ECSOFT – A CLARIFICATION

ECsoft has asked us to point out that the company made a profit of £705K in the UK for the year ending 31st Dec 01, rather than the loss we indicated in April's SYSTEMHOUSE. It appears that in the preliminary results all the goodwill impairment charge (the main cause of the group's £18.3m LBT) was attributed to the UK, whereas in fact most related to the 'Rest of Europe'. We are happy to clarify.

NO SUITOR FOR LARA CROFT... YET

Eidos has announced results for the year to 31st Mar. 02: revenue (less share of joint venture) has fallen 27% to £120.3m (after restating 2001 revenue), LBT has improved from £42.2m to £14.2m, and loss per share has improved from 37.5p (restated because of the rights issue in Jul. 01) to 10.7p. Commenting on the results, Michael McGarvey, CEO, said: *"The next generation of hardware systems is becoming more firmly and more widely established and the prospects for growth in the entertainment software market remain correspondingly strong...whilst we continue to focus on our overall financial performance, we believe that there is much to be positive about and much to look forward to"*.

Eidos
7 year Revenue & PBT Record
From 1996



Comment: Eidos has stripped out a lot of costs during the year, reducing cost of sales by c40%, and sales & marketing by c50%. But with the necessary R&D spend on new titles (£39.4m), goodwill amortisation (£6.9m), other expenses etc; Eidos remained firmly in the red at both the operating profit and pre tax levels. However, following the rights issue in Jul. 01 and the sale in Nov. 01 and Dec. 01 of the company's remaining stake in Opticom realising net proceeds of £11m, the company has c£50m cash in the bank, and remains an acquisition target for other games developers.

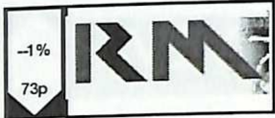
Indeed, during May, the FT reported that French games company **Ubi Soft** was eyeing up Eidos as a possible acquisition target – unsurprisingly the main attraction is femme fatale, Lara Croft. The next Tomb Raider game (starring Lara Croft) is due for release in November of this year. A couple of year's ago, **Infogrammes**, another French Games company was also sniffing around, but Lara Croft failed to turn these romantic overtures into any type of long-term relationship.

Eidos has enjoyed an 17% rise in its share price this month no doubt affected by Ubi Soft's Executive Chairman's statement that, *"whatever happens, I think the company will be bought within the course of the year"*. However, this is still some way from the price at the start of the year of 180p.

PROTAGONA PARTICULARLY VULNERABLE

Protagona (nee **Recognition Systems**), a provider of *"integrated campaign management software and systems"*, has announced results for the six months to 31st Mar. 02. Turnover fell 50% to £3.3m, LBT 'improved' to £2.3m from £2.7m, as did loss per share to 0.7p from 2.9p. Richard Livesay-Haworth, Chairman, commented, *"We continue to have a substantial sales pipeline and look forward to achieving an improving rate of conversion as market conditions improve"*.

Comment: Protagona was understandably keen to compare its results with the immediately preceding six month period where sales were £2.2m, thereby putting the £3.3m in a much more favourable light. However, the company reports that although it has noted *"an improving trend between its first and second quarters"*, it has yet to see market conditions recover materially. The majority of companies in the CRM space are finding it tough going at the moment, and we do not predict demand for enterprise systems picking up until 2003/2004. But Protagona is particularly vulnerable. It has a high dependence upon the US (over 88% of its sales were generated in the US last year), and it lacks a strong recurring revenue stream - over 66% of its revenues in 2001 are from initial software licences. After thirteen years in this game the company has yet to get its business model into shape.



CAUGHT NAPPING

RM, the supplier of ICT software, systems and services to educational establishments, has announced results for the six months to 31st Mar. 02. Having entered the year with a *"cost base set for a year of turnover growth"*, the figures reveal a 21.6% fall in turnover to £89.1m, and a pre-tax loss of £14.1m compared to a profit of £1.5m in the comparable six months in 2001. Diluted loss per share was 11.2p compared to an EPS of 1.2p. Tim Pearson, Chief Executive, commented, *"Looking ahead recovery is underway with a strong strategy in place, continued improvements in operational efficiency and a strengthened leadership team. The Board expects a return to profits growth next year."*

Comment: Well, RM was caught napping in class! Over the last twelve months the educational ICT market has moved rapidly with shifts in product demand and "*significant changes*" in government initiatives. RM has pointed out some of these changes at previous analyst briefings, but today it admitted that it had been slow to respond: both in term of products and its cost base.

New 'head boy' (CEO) Tim Pearson, took up the reins in Feb (he's schooled at RM these past twenty or so years), and has conducted a wide-ranging strategic review. There were "*no sacred cows*". Pearson has instigated a lot of (very sensible) changes to bring the cost base back in line with revenues and to ensure a return to profits growth in 2003. He has picked his top team, which involved a lot of internal shuffling and a number of lay offs, the creation of a new post (Strategic Projects Director) and an external hire (Sales Director). We were told to expect further strengthening of the executive team and the board in the near future.

Gone are 99 jobs at a cost of £2.1m, in a move to de-layer operations and improve efficiencies. And £5m has been written off as intangible asset impairment, because a 10-year software licencing agreement with CCC is not going to deliver the expected benefits.

But the most important message is that these changes are not just about getting RM's own house in order: Pearson recognises that RM needs to structure itself around customers' needs, rather than its own products. And RM's customer base is one of the company's real assets, with a third of schools in the UK "*loyal*" RM customers and another third "*occasional*" buyers.

RM has been caught napping, but now it's trying hard to pull its socks up. Judging by the static share price, it looks as though investors are watching and waiting before showing their confidence in the recovery plan.

COMING UP ROSES?

Synstar's results for the six months to 31st Mar. 02 (figures restated for 2001) reveal a decrease in total turnover of 7.2% to £111.6m, but an increase in turnover from continuing operations of 4.5% to £109.9m. A pre-tax loss of £18.8m in the comparable period in 2001 has now been turned to a profit of £1.6m. The loss in 2001 included exceptional losses of £18.4m relating to restructuring, impairment of goodwill, and loss on disposal of discontinued operations. Diluted EPS for this last reporting period was 0.3p converted from a loss per share of 11.8p. Chief Executive, Steve Vaughan, commented, *"I remain certain that our strategy and structure is correct, is delivering the benefits expected, and we are therefore well placed to generate the results anticipated"*.

Comment: The two Stevens (Steve Vaughan, CEO, and Stephen Gleadle, FD) put on a very accomplished performance at Synstar's results briefing, unveiling a return to profitability, despite a £1.6m loss on disposal during the period. The results provide further evidence of Vaughan's strategy in action - the focus is firmly on earnings and cash rather than revenue. Having said that, Synstar did manage a respectable 4.5% increase in revenue from continuing operations.

As promised, Vaughan has continued to fix or exit 'problem' areas in the business (the last to go was the loss making Swiss activity, sold in Feb.). And the emphasis on cross-selling the range of services (computer services, networking, data management, repair & product sales, and business continuity) to the existing customer base, is paying off. The pressure on margin is being mitigated by a move up the value chain (witness the £4.4m drop in product revenue in the period), and the signing of 'better' business.

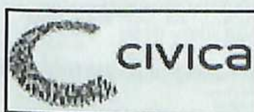
Synstar goes into H2 with an order book maintained at £230m, positive cashflow of £1m from H1, and no debt. A nice position to be in! However, as Vaughan pointed out, "*not everything in the garden is rosy*": the French operation is still "*problematic*" and slow to improve; customer decision making cycles are becoming longer and proving slower to convert; and there is continual price pressure from major customers. But the pipeline looks encouraging, with bigger, more joined-up deals in sight. To use Vaughan's analogy, *"there are plenty of buds"*.

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Anite	Anite.net Ltd	e-government consultancy & systems development	Remaining 53.17%	max £4.47m	Anite acquired the remaining stake in its associate company for a max consideration of £4.47m. They paid £420K upfront, with the balance dependent upon profits up to 30th Apr. 05.
Bidtimes	Firefly Securities Ltd	Technology investor	100%	£1.7m	In view of its size, this is a reverse takeover, and is therefore subject to shareholder approval. Bidtimes proposes a six for five share deal, and a bonus issue.
Capita	HR businesses from PwC	HR Outsourcing, Interim Management, and Executive Search & Selection	100%	max £15m	Capita paid £14m cash up front, with a further £1m subject to certain conditions being met. The 3 businesses turned over £14m and made pro forma profits of £2.8m in the year to 30th Jun. 01.
Exact Holding N.V.	Kewill's ERP division	ERP	100%	£13.0m	Exact, a Dutch e-business and ERP solutions company, bought Kewill's ERP operation for cash. The division made an operating loss of £0.6m on £19.7m turnover in the year to 31st Mar. 02.
Hansen Technologies	Syntegra (Australia)	Outsourcing operations	100%	c£3.1m	Australian Hansen Technologies acquired Syntegra's Australian outsouring operations for c£3.1m. 100 staff and two data centres will be transferred.
Kronos	Data Collection Systems	Time and attendance software	100%	n/a	Canadian Kronos aquired Data Collection Services for an undisclosed amount
Reuters	Easetech Financial Systems from Ease Technologies Inc	Development and SI of electronic trading s/w	100%	c£6.2m	Reuters acquired certain assets, including the Triad product line (a system for electronic trading), from the US firm
Solution 6	Keystone Solutions	Practice management software	100%	£13.5m	Solution 6 offered 2 shares for every 5 Keystone shares (valuing the shares at c11.8p), or a cash alternative of 10p per share. Solution 6 offered 2p in cash for every Keystone warrant.
Spring	Triage Consulting Ltd	IT staff agency	100%	max £7.9m	Spring paid £1.4m in cash up front, with a further £6.5m based on performance through to 2004. Triage turned over £23.4m in 2001, and made £0.8m profit (pre tax, interest and exceptional items).
The Innovation Group	Midas IT Services Ltd	IT hosting for the insurance industry	100%	£4m	TIG acquired Midas, via the issue of 1.66m new shares. The Kent-based company turned over £5.4m in 2000, and made a profit after tax of £10K.
Torex	Berkeley Computer Systems	Laboratory information systems	100%	£3.5m	Torex paid for the Glasgow-based company with £3m cash and £0.5m shares. BCS turned over £2.3m in the year to 31st Dec. 01.
Torex	Amersham Medical Systems	Radiology information systems	100%	£8.1m	Another boost to Torex's capability in the electronic patient record (EPR) arena. The consideration comprised £2.5m cash and £5.6m in shares.
Torex	GAP Management AG	Hospital and radiology systems supplier	100%	£9.6m	Torex paid c£3.8m up front (in cash and shares) with the balance dependent on profitability through to end 2004. GAP made pre-tax profits of £0.3m on turnover of £4.8m in the year to 31st Dec. 01.
Tribal	Nightingale Associates	Healthcare architectural practice	100%	£6.75m	Tribal continues to broaden its property services portfolio for the public sector. Nightingale focuses on large-scale PFI projects.

Forthcoming IPOs

Name	Activity	SCS or Dotcom Index	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Spectel	Video conferencing software	SCS	SP	MAIN	206p	£136.0m	May-02
System-C Healthcare	Healthcare IT Solutions	CSC	SP	TBA	tbc	£36.0m	2002
theoilsite.com	e-procurement exchange	Dotcom	B2B	AIM	tbc	£5.0m	2002
Vecta Corporation	e-business sales software developer	SCS	SP	AIM	tbc	£14.0m	May/Jun 02
Xchanging	Support Services	SCS	CS	MAIN	tbc	£1.0bn	2002



ANOTHER S/ITS IPO ON THE CARDS

On 22nd May, The Times City Diary carried an "*unconfirmed*" report that **Sanderson** (well, the **Civica** bit) is to come to the LSE "*imminently*". If you remember, Sanderson was a Jon Molton/Alchemy backed buyout in Dec. 99 which at the time valued them at £114.5m. The MBI team was led by ex-ACT Chris Winn. which immediately took the then quoted Sanderson private again. All reports indicated that they have done well in the intervening period. Sanderson had revenues approaching £110m in 2001 with an operating margin exceeding 10%. Civica represents about two thirds of that revenue and concentrates on public sector software and services (e.g. law enforcement systems)- a sector which has bucked the depressing market trends in the last few years. The problem is not so much Civica's performance as current market sentiment towards S/ITS IPOs. **Detica**, the last sector IPO (itself the first for a year!) had planned their IPO at a price of 440-510p. In the end it was reduced to 400p. Since launch day at the end April, Detica shares are down 7% at 372p. Hardly the ringing endorsement for new S/ITS issues that we had all hoped for. We await further news on Civica with anticipation.

Quoted Companies - Results Service

Note: Highlighted Names Indicate results announced this month.

AFA Systems plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£4,291,000	£8,136,000	+89.6%
PBT	-£2,609,000	-£14,619,000	Loss both
EPS	-11.90p	-56.90p	Loss both

Affinity Internet Holdings Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£11,312,000	£52,765,000	+366.5%
PBT	-£26,050,000	-£30,090,000	Loss both
EPS	-125.80p	-109.81p	Loss both

AIT Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£14,218,000	£33,882,000	£22,346,000	+57.2%
PBT	£2,003,000	£5,109,000	£2,676,000	+33.6%
EPS	6.49p	16.22p	8.56p	+31.9%

Alphameric plc

	Final - Nov 00	Final - Nov 01	Comparison
REV	£54,408,000	£56,848,000	+4.5%
PBT	£3,891,000	-£1,677,000	Profit to loss
EPS	1.96p	-2.39p	Profit to loss

Alterian plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£2,078,000	£4,267,000	+105.3%
PBT	-£3,592,000	-£9,247,000	Loss both
EPS	-10.71p	-23.90p	Loss both

Anite Group plc

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£85,665,000	£192,418,000	£95,220,000	+11.2%
PBT	£3,041,000	£7,096,000	£1,964,000	-35.4%
EPS	0.20p	0.40p	-0.50p	Profit to loss

Argonaut Games

	Interim - Jan 01	Final - Jul 01	Interim - Jan 02	Comparison
REV	£1,451,000	£4,396,000	£9,271,000	+538.9%
PBT	-£1,634,000	-£3,131,000	£4,027,000	Loss to Profit
EPS	-1.75p	-3.35p	3.82p	Loss to Profit

Autonomy Corporation plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£45,118,620	£36,271,000	-19.6%
PBT	£14,270,344	£9,146,896	-35.9%
EPS	8.00p	5.00p	-37.5%

Aveva Group Plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£28,100,000	£31,818,000	+13.2%
PBT	£5,225,000	£4,938,000	-5.5%
EPS	20.26p	19.48p	-3.8%

Axon Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£42,737,000	£42,762,000	+0.1%
PBT	£7,174,000	£5,464,000	-23.8%
EPS	8.60p	6.70p	-22.1%

Azlan Group plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£591,608,000	£610,100,000	+3.1%
PBT	£16,132,000	£18,400,000	+14.1%
EPS	10.20p	11.90p	+16.7%

Baltimore Technologies plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£69,371,000	£70,421,000	+1.5%
PBT	-£99,038,000	-£659,711,000	Loss both
EPS	-24.20p	-131.80p	Loss both

Bond International Software plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£9,376,878	£11,365,995	+21.2%
PBT	£1,031,979	£1,256,609	+21.8%
EPS	5.02p	6.11p	+21.7%

Business Systems Group Holdings plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£17,602,000	£37,707,000	£13,061,000	-25.8%
PBT	-£145,000	-£148,000	-£4,539,000	Loss both
EPS	-0.26p	-0.37p	-5.47p	Loss both

Capita Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£453,348,000	£641,940,000	+41.6%
PBT	£39,974,000	£53,026,000	+32.7%
EPS	3.75p	4.67p	+24.5%

Charteris Plc

	Interim - Jan 01	Final - Jul 01	Interim - Jan 02	Comparison
REV	£4,829,000	£13,276,000	£8,725,000	+80.7%
PBT	£61,000	£828,000	£591,000	+868.9%
EPS	0.14p	1.52p	0.90p	+542.9%

Clarity Commerce plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£1,448,000	£3,552,000	£2,428,000	n/a
PBT	-£502,000	-£1,111,000	-£276,000	n/a
EPS	-8.40p	-14.75p	-2.84p	n/a

Clinical Computing plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£2,259,201	£2,179,894	-3.5%
PBT	-£328,673	-£1,369,934	Loss both
EPS	-1.30p	-5.50p	Loss both

CMG plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£810,400,000	£920,400,000	+13.6%
PBT	£83,100,000	-£588,800,000	Profit to loss
EPS	7.80p	-99.60p	Profit to loss

Comino Group plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£21,436,000	£20,560,000	-4.1%
PBT	£3,233,000	-£576,000	Profit to loss
EPS	16.30p	-3.80p	Profit to loss

Compass Software Group plc

	Final - Nov 00	Final - Nov 01	Comparison
REV	£2,383,095	£4,266,677	+79.0%
PBT	£442,911	£356,253	-19.6%
EPS	3.71p	1.61p	-56.6%

Compel Group plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£162,688,000	£235,731,000	£32,003,000	-80.3%
PBT	-£1,866,000	-£13,367,000	-£258,000	Loss both
EPS	-4.70p	-47.00p	-0.90p	Loss both

Computacenter plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£1,990,620,000	£2,093,423,000	+5.2%
PBT	£55,571,000	£34,900,000	-37.2%
EPS	20.80p	9.90p	-52.4%

DCS Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£140,010,000	£104,900,000	-25.1%
PBT	-£14,451,000	-£4,600,000	Loss both
EPS	-55.46p	-22.58p	Loss both

Delcam plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£17,011,059	£18,248,122	+7.3%
PBT	£1,642,845	£853,565	-48.0%
EPS	19.60p	9.70p	-50.5%

Detica Group Plc

	Final - Mar 00	Final - Mar 01	Comparison
REV	£20,860,000	£26,602,000	+27.5%
PBT	£3,603,000	£4,684,000	+30.0%
EPS	n/a	n/a	n/a

Diagonal plc

	Final - Nov 00	Final - Nov.01	Comparison
REV	£82,735,000	£82,182,000	-.7%
PBT	£4,840,000	£4,256,000	-12.1%
EPS	3.30p	2.26p	-31.5%

Dicom Group Plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£67,530,000	£140,290,000	£75,622,000	+12.0%
PBT	£3,735,000	£7,471,000	£4,216,000	+12.9%
EPS	11.10p	22.80p	12.30p	+10.8%

Dimension Data Plc

	Interim - Mar 01	Final - Sep 01	Interim - Mar 02	Comparison
REV	£765,283,000	£1,474,501,000	£808,178,000	+5.6%
PBT	-£26,427,000	-£1,152,888,000	-£481,439,000	Loss both
EPS	-5.20p	-11.15p	-37.20p	Loss both

DRS Data & Research Services plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£11,653,000	£10,054,000	-13.7%
PBT	£563,000	£665,000	+18.1%
EPS	1.12p	1.36p	+21.4%

Easynet Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£41,742,000	£71,276,000	+70.8%
PBT	-£12,113,000	-£292,667,000	Loss both
EPS	-44.98p	-440.50p	Loss both

ECsoft Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£73,204,000	£59,327,000	-19.0%
PBT	£1,370,000	-£18,345,000	Profit to loss
EPS	-4.80p	-169.70p	Loss both

Eidos plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£156,628,000	£173,528,000	+10.8%
PBT	-£96,358,000	-£14,171,000	Loss both
EPS	-84.50p	-10.70p	Loss both

Electronic Data Processing plc

	Final - Sep 00	Final - Sep 01	Comparison
REV	£8,353,000	£10,408,000	+24.6%
PBT	£1,115,000	-£306,000	Profit to loss
EPS	2.73p	-1.14p	Profit to loss

Epic Group plc

	Interim - Nov 00	Final - May 01	Interim - Nov 01	Comparison
REV	£3,712,000	£8,041,000	£3,308,000	-10.9%
PBT	£567,000	£1,569,000	£205,000	-63.8%
EPS	2.20p	6.05p	0.70p	-68.2%

Eurolink Managed Services plc

	Final - Mar 00	Final - Mar 01	Comparison
REV	£7,596,000	£8,269,000	+8.9%
PBT	£340,000	£390,000	+14.7%
EPS	2.19p	2.57p	+17.4%

Eyretel Plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£39,362,000	£50,017,000	+27.1%
PBT	-£2,325,000	£648,000	Loss to Profit
EPS	-2.19p	0.49p	Loss to Profit

Financial Objects plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£18,369,000	£17,526,000	-4.6%
PBT	-£887,000	£1,046,000	Loss to Profit
EPS	-2.61p	0.84p	Loss to Profit

Flomerics Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£11,763,000	£12,875,000	+9.5%
PBT	£1,182,000	£308,000	-73.9%
EPS	6.00p	1.72p	-71.3%

Focus Solutions Group plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£2,273,000	£5,073,000	+123.2%
PBT	-£2,437,000	-£2,590,000	Loss both
EPS	-9.70p	-10.30p	Loss both

Gladstone Plc

	Interim - Dec 00	Final - Jun 01	Interim - Feb 02	Comparison
REV	£6,418,033	£6,022,092	£4,020,569	-37.4%
PBT	-£4,541,865	-£16,336,496	-£3,380,671	Loss both
EPS	-14.90p	-47.45p	-9.74p	Loss both

Glotel Plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£81,358,000	£165,367,000	£60,142,000	-26.1%
PBT	£3,524,000	£757,000	-£2,054,000	Profit to loss
EPS	5.90p	1.40p	-3.90p	Profit to loss

Gresham Computing plc

	Final - Oct 00	Final - Dec 01	Comparison
REV	£23,325,000	£24,761,000	+6.2%
PBT	-£4,273,000	-£973,000	Loss both
EPS	-9.38p	-3.32p	Loss both

Guardian IT plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£85,186,000	£114,679,000	+34.6%
PBT	-£224,000	-£94,538,000	Loss both
EPS	-5.20p	-136.50p	Loss both

Harrier Group Plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£4,868,437	£11,163,749	£10,214,100	+109.8%
PBT	-£309,858	-£1,325,523	-£412,077	Loss both
EPS	-1.26p	-2.69p	-1.29p	Loss both

Harvey Nash Group plc

	Final - Jan 01	Final - Jan 02	Comparison
REV	£226,249,000	£235,720,000	+4.2%
PBT	£12,971,000	-£11,346,000	Profit to loss
EPS	24.63p	-39.38p	Profit to loss

Highams Systems Services Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£10,262,000	£20,662,000	£9,717,000	-5.3%
PBT	-£1,744,000	-£2,032,000	-£370,000	Loss both
EPS	-2.38p	-10.43p	-1.43p	Loss both

Horizon Technology Group Plc

	Final - Jun 00	Final - Jun 01	Comparison
REV	£180,417,000	£249,091,000	+38.1%
PBT	£6,915,000	-£10,037,000	Profit to loss
EPS	7.86c	-15.30c	Profit to loss

Host Europe Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£4,160,000	£9,529,000	+129.1%
PBT	-£14,364,000	-£34,419,000	Loss both
EPS	-1.78p	-3.38p	Loss both

iRevolution Plc

	Final - Apr 00	17mths to Sep 01	Comparison
REV	£1,997,000	£6,433,000	Not comparable
PBT	£308,000	-£4,153,000	Not comparable
EPS	1.00p	-14.50p	Not comparable

I S Solutions plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£11,237,000	£10,873,000	-3.2%
PBT	£547,000	-£222,000	Profit to loss
EPS	1.17p	-1.06p	Profit to loss

ICM Computer Group plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£31,520,000	£66,678,000	£32,384,000	+2.7%
PBT	£1,773,000	£4,668,000	£1,923,000	+8.5%
EPS	6.10p	16.00p	6.60p	+8.2%

IDS Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£12,855,000	£35,355,000	+175.0%
PBT	-£28,250,000	-£18,138,000	Loss both
EPS	-107.42p	-31.96p	Loss both

Innovation Group plc (The)

	Interim - Mar 01	Final - Sep 01	Interim - Mar 02	Comparison
REV	£13,122,000	£43,695,000	£62,426,000	+375.7%
PBT	£1,359,000	-£10,806,000	-£3,474,000	Profit to loss
EPS	-0.21p	-0.21p	-3.88p	Loss both

Intelligent Environments Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£8,810,556	£3,111,584	-64.7%
PBT	-£2,523,413	-£6,979,561	Loss both
EPS	-5.97p	-13.53p	Loss both

Intercede Group plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£2,014,000	£1,193,000	-40.8%
PBT	-£1,125,000	-£2,188,000	Loss both
EPS	-8.80p	-11.70p	Loss both

IQ-Ludorum Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£2,146,000	£4,192,000	+95.3%
PBT	-£1,859,333	-£5,308,000	Loss both
EPS	-3.85p	-6.66	Loss both

ISOFT Group plc

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£11,124,000	£31,131,000	£22,763,000	+104.6%
PBT	£1,340,000	£5,310,000	£3,491,000	+160.5%
EPS	0.72p	3.06p	2.04p	+183.3%

ITNET plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£158,873,000	£176,446,000	+11.1%
PBT	-£1,423,000	£10,467,000	Loss to profit
EPS	-0.18p	9.12p	Loss to profit

Izodia Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£2,697,000	£3,828,000	+41.9%
PBT	-£35,997,000	-£73,555,000	Loss both
EPS	-66.15	-156.33	Loss both

Jasmin plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£1,653,000	£3,982,000	£3,233,000	+95.6%
PBT	-£490,000	-£449,000	£325,000	Loss to profit
EPS	-10.37p	-9.50p	6.72p	Loss to profit

K3 Business Technology Group Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£14,250,000	£7,972,000	-44.1%
PBT	-£5,191,000	-£1,373,000	Loss both
EPS	-29.20p	-3.60p	Loss both

Kewill Systems plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£68,737,000	£48,144,000	-30.0%
PBT	£3,279,000	-£57,638,000	Profit to loss
EPS	0.50p	-75.20p	Profit to loss

Keystone Solutions Group

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£1,989,000	£4,477,000	£2,841,000	+125.1%
PBT	-£3,173,000	-£8,408,000	-£2,026,000	Loss both
EPS	-7.70p	-13.40p	1.61p	Loss both

Knowledge Management Software plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£2,947,556	£6,054,760	£4,110,971	+39.5%
PBT	-£5,773,764	-£12,771,898	-£6,200,776	Loss both
EPS	-5.51p	-12.20p	-5.39p	Loss both

Knowledge Support Systems Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£2,803,736	£1,020,520	-63.6%
PBT	-£2,116,580	-£9,768,556	Loss both
EPS	-3.00p	-12.17p	Loss both

Logica plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£505,000,000	£1,133,200,000	£600,200,000	+18.9%
PBT	£57,900,000	£136,200,000	£61,600,000	+6.4%
EPS	9.10p	20.60p	9.00p	-1.1%

London Bridge Software Holdings plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£56,702,000	£74,070,000	+30.6%
PBT	£4,662,000	£4,725,000	+1.4%
EPS	1.85p	1.73p	-6.5%

Lorien plc

	Final - Nov 00	Final - Nov 01	Comparison
REV	£111,588,000	£139,028,000	+24.6%
PBT	-£2,718,000	£1,997,000	Loss to profit
EPS	-12.10p	8.10p	Loss to profit

Macro 4 plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£21,952,000	£47,100,000	£19,393,000	-11.7%
PBT	£1,554,000	£5,034,000	-£3,505,000	Profit to loss
EPS	1.00p	9.40p	-15.60p	Profit to loss

Manpower SoftWare plc

	Final - May 00	Final - May 01	Comparison
REV	£1,611,619	£2,769,667	+71.9%
PBT	-£2,790,867	-£740,126	Loss both
EPS	-27.73p	-5.10p	Loss both

Marlborough Stirling Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£50,080,000	£73,369,000	+46.5%
PBT	£8,337,000	£9,277,000	+11.3%
EPS	2.80p	2.90p	+3.6%

Note: The companies listed on pages 16-19 are those companies in our S/ITS index with revenue of >£2m. Also included in our index are: **Actinic, Atlantic Global, BSoftB, Earthport, Easyscreen, Ffastfil, I-Document Systems, Internet Business Group, Knowledge Technology Solutions, Myratech.net, Netcall, PC Medics Group, Software for Sport, Stilo International, Superscape, Systems Integrated, Ultrasis Group**

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

MERANT plc

	Final - Apr 00	Final - Apr 01	Comparison
REV	£227,283,000	£215,433,000	-5.2%
PBT	-£35,369,000	-£50,046,000	Loss both
EPS	-24.90p	-37.90p	Loss both

Mettoni Group Plc

	14 Feb - 31Dec00	Interim - Jun01	Comparison
REV	£3,962,000	£13,593,000	Not comparable
PBT	-£1,398,000	-£1,444,000	Not comparable
EPS	-2.30p	1.10p	Not comparable

Microgen plc

	Final - Dec00	Final - Dec01	Comparison
REV	£25,344,000	£21,009,000	-17.1%
PBT	-£3,086,000	£251,000	Loss to Profit
EPS	-5.20p	2.80p	Loss to Profit

Minorplanet Systems Plc

	Interim - Feb01	Final - Aug01	Interim - Feb02	Comparison
REV	£16,400,000	£52,900,000	£58,400,000	+256.1%
PBT	-£400,000	£5,300,000	-£6,800,000	Loss both
EPS	0.12p	7.89p	-5.47p	Profit to loss

Mission Testing Plc

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£4,988,000	£10,515,000	£9,028,000	+81.0%
PBT	£195,000	£967,000	£637,000	+226.7%
EPS	1.01p	4.43p	2.39p	+136.6%

Misys plc

	Interim - Nov00	Final - May01	Interim - Nov01	Comparison
REV	£413,000,000	£858,500,000	£480,200,000	+16.3%
PBT	£37,400,000	£97,100,000	£2,300,000	-93.9%
EPS	4.70p	13.00p	-0.10p	Profit to loss

MMT Computing plc

	Interim - Feb01	Final - Aug01	Interim - Feb02	Comparison
REV	£16,858,000	£31,112,000	£14,575,000	-13.5%
PBT	£1,106,000	-£2,792,000	£93,000	-91.6%
EPS	4.80p	-19.40p	-0.30p	Profit to loss

Mondas plc

	Interim - Oct00	Final - Apr01	Interim - Oct01	Comparison
REV	£881,263	£2,702,141	£1,729,088	+96.2%
PBT	-£466,426	-£1,504,042	-£1,184,379	Loss both
EPS	-3.40p	-9.50p	-5.90p	Loss both

Morse Holdings plc

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£307,986,000	£586,076,000	£226,001,000	-26.6%
PBT	£13,804,000	£19,194,000	-£3,385,000	Profit to loss
EPS	6.30p	7.70p	-4.80p	Profit to loss

MSB International plc

	Final - Jan01	Final - Jan02	Comparison
REV	£157,760,000	£145,987,000	-7.5%
PBT	£2,584,000	£1,889,000	-26.9%
EPS	7.50p	6.40p	-14.7%

Ncipher Plc

	Final - Dec00	Final Dec01	Comparison
REV	£13,455,000	£14,367,000	+6.8%
PBT	-£1,790,000	-£3,237,000	Loss both
EPS	-2.18p	-2.80p	Loss both

NetBenefit plc

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£2,656,000	£6,353,000	£3,004,000	+13.1%
PBT	-£15,103,000	-£21,663,000	-£633,000	Loss both
EPS	-93.40p	-134.40p	-3.40p	Loss both

Netstore plc

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£1,152,321	£3,563,923	£1,733,293	+50.4%
PBT	-£5,425,820	-£11,829,902	-£3,775,783	Loss both
EPS	-6.14p	-13.32p	-4.23p	Loss both

Nettec plc

	Final - Dec00	Final - Dec01	Comparison
REV	£17,311,000	£16,416,000	-5.2%
PBT	-£8,582,000	-£36,066,000	Loss both
EPS	-8.00p	-30.90p	Loss both

Northgate Information Solutions plc

	Interim - Oct00	Final - Apr01	Interim - Oct01	Comparison
REV	£55,681,000	£107,194,000	£44,628,000	-19.9%
PBT	-£1,255,000	£2,200,000	£4,102,000	Loss to Profit
EPS	-0.43p	0.55p	1.39p	Loss to Profit

NSB Retail Systems plc

	Final - Dec00	Final - Dec01	Comparison
REV	£31,771,000	£93,818,000	+195.3%
PBT	-£16,505,000	-£89,319,000	Loss both
EPS	-7.87p	-22.63p	Loss both

OneclickHR Plc

	Final - Dec00	Final - Dec01	Comparison
REV	£4,083,781	£5,818,605	+42.5%
PBT	-£2,366,348	-£2,114,778	Loss both
EPS	-5.20p	-4.10p	Loss both

Orchestream Holdings plc

	Final - Dec00	Final - Dec01	Comparison
REV	£2,746,200	£14,784,000	+438.3%
PBT	-£10,541,300	-£35,017,000	Loss both
EPS	-10.40p	-30.70p	Loss both

Parity plc

	Final - Dec00	Final - Dec01	Comparison
REV	£269,228,000	£246,930,000	-8.3%
PBT	£12,810,000	-£3,265,000	Profit to loss
EPS	5.53p	-2.03p	Profit to loss

Patsystems plc

	Final - Dec00	Final - Dec01	Comparison
REV	£2,524,000	£5,811,000	+130.2%
PBT	-£9,612,000	-£15,161,000	Loss both
EPS	-7.80p	-11.40p	Loss both

Planit Holdings plc

	Interim - Oct00	Final - Apr01	Interim - Oct01	Comparison
REV	£9,119,000	£19,070,000	£9,766,000	+7.1%
PBT	£980,000	£2,720,000	£916,000	-6.5%
EPS	0.80p	2.00p	0.70p	-12.5%

Protogana plc

	Interim - Mar01	Final - Sep01	Interim - Mar02	Comparison
REV	£4,895,000	£8,766,000	£2,629,000	-46.3%
PBT	-£2,667,000	-£10,238,000	-£2,312,000	Loss both
EPS	-2.90p	-9.00p	-0.70p	Loss both

PSD Group plc

	Final - Dec00	Final - Dec01	Comparison
REV	£88,549,000	£71,672,000	-19.1%
PBT	£21,385,000	£4,815,000	-77.5%
EPS	57.00p	10.20p	-82.1%

QA plc (was Skillsgroup)

	Final - Nov00	Final - Nov01	Comparison
REV	£140,700,000	£55,300,000	-60.7%
PBT	-£17,400,000	£1,200,000	Loss both
EPS	-18.40p	-0.80p	Loss both

Quantica plc

	Final - Nov00	Final - Nov01	Comparison
REV	£23,753,000	£33,418,000	+40.7%
PBT	£3,768,000	£2,860,000	-24.1%
EPS	6.80p	4.93p	-27.5%

Raft International Plc

	Final - Oct00	Final - Oct01	Comparison
REV	£9,173,000	£9,468,000	+3.2%
PBT	£171,000	-£826,000	Profit to loss
EPS	0.19p	-1.32p	Profit to loss

Rage Software plc

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£2,696,000	£5,731,000	£5,807,000	+115.4%
PBT	-£7,995,000	-£17,054,000	-£8,485,000	Loss both
EPS	-2.53p	-5.28p	-2.38p	Loss both

RDL Group Plc

	Interim - Mar01	Final - Sep01	Interim - Mar02	Comparison
REV	£21,226,000	£43,618,000	£28,352,000	+33.6%
PBT	£1,093,000	£1,990,000	-£455,000	Profit to loss
EPS	4.51p	7.93p	-1.28p	Profit to loss

Retail Decisions plc

	Final - Dec00	Final - Dec01	Comparison
REV	£17,674,000	£22,195,000	+25.6%
PBT	-£2,292,000	-£2,895,000	Loss both
EPS	-1.78p	-2.15p	Loss both

RexOnline plc

	Interim - Oct00	Final - Apr01	Interim - Oct01	Comparison
REV	£923,000	£2,006,000	£1,338,000	+45.0%
PBT	-£70,000	£216,000	-£874,000	Loss both
EPS	1.10p	2.80p	-7.00p	Profit to loss

Riversoft Plc

	Final - Dec00	Final - Dec01	Comparison
REV	£5,168,843	£6,515,238	+26.0%
PBT	-£26,641,044	-£39,415,841	Loss both
EPS	-39.90p	-16.30p	Loss both

RM plc

	Interim - Mar01	Final - Sep01	Interim - Mar02	Comparison
REV	£113,716,000	£241,916,000	£89,133,000	-21.6%
PBT	£1,536,000	£15,207,000	-£14,131,000	Profit to loss
EPS	1.20p	11.20p	-11.20p	Profit to loss

Rolfe & Nolan plc

	Final - Feb01	Final - Feb02	Comparison
REV	£25,592,000	£25,584,000	-0%
PBT	-£1,013,000	-£5,267,000	Loss both
EPS	-8.40p	-36.40p	Loss both

Royalblue Group plc

	Final - Dec00	Final - Dec01	Comparison
REV	£57,383,000	£66,253,000	+15.5%
PBT	£6,916,000	£4,197,000	-39.3%
EPS	13.70p	6.00p	-56.2%

Sage Group plc

	Interim - Mar01	Final - Sep01	Interim - Mar02	Comparison
REV	£229,649,000	£484,137,000	£279,821,000	+21.8%
PBT	£59,156,000	£121,317,000	£65,146,000	+10.1%
EPS	3.18p	6.59p	3.50p	+10.1%

SBS Group plc

	Interim - Feb01	Final - Aug01	Interim - Feb02	Comparison
REV	£23,106,000	£45,402,000	£16,996,000	-26.4%
PBT	-£388,000	-£3,621,000	-£606,000	Loss both
EPS	-3.20p	-39.50p	-6.60p	Profit to loss

Science Systems plc

	Final - Dec00	Final - Dec01	Comparison
REV	£49,624,000	£64,820,000	+30.6%
PBT	£2,732,000	£5,054,000	+85.0%
EPS	6.50p	11.70p	+80.0%

SDL plc

	Final - Dec00	Final - Dec01	Comparison
REV	£29,730,000	£33,659,000	+13.2%
PBT	£1,059,000	-£5,098,000	Profit to loss
EPS	0.93p	-11.56p	Profit to loss

ServicePower Technologies plc

	Final - Dec00	Final - Dec01	Comparison
REV	£3,292,000	£3,150,000	-4.3%
PBT	-£3,928,000	-£2,700,000	Loss both
EPS	-8.10p	-4.90p	Loss both

Sherwood International plc

	Final - Dec00	Final - Dec01	Comparison
REV	£54,277,000	£56,513,000	+4.1%
PBT	£6,634,000	-£11,012,000	Profit to loss
EPS	13.00p	-25.60p	Profit to loss

Sirius Financial Plc

	Final - Dec00	Final - Dec01	Comparison
REV	£17,135,457	£17,373,850	+1.4%
PBT	£727,215	-£281,000	Profit to loss
EPS	4.40p	-2.60p	Profit to loss

Smartlogik Plc

	Interim - Jun00	Final - Dec00	Interim - Jun01	Comparison
REV	£12,707,000	£57,642,000	£1,738,000	-86.3%
PBT	-£910,000	-£131,694,000	-£10,438,000	Loss both
EPS	-0.60p	-79.20p	-6.00p	Loss both

Sopheon plc

	Final - Dec00	Final - Dec01	Comparison
REV	£7,763,000	£13,963,000	+79.9%
PBT	-£11,945,000	-£34,631,000	Loss both
EPS	-33.40p	-76.20p	Loss both

Spring Group plc

	Final - Apr01	8 months to Dec01	Comparison
REV	£374,448,000	£220,916,000	n/a
PBT	-£3,547,000	-£15,021,000	Loss both
EPS	-2.39p	-9.15p	Loss both

Staffware plc

	Final - Dec00	Final - Dec01	Comparison
REV	£37,857,000	£38,230,000	+1.0%
PBT	£3,042,000	-£3,250,000	Profit to loss
EPS	10.60p	-26.00p	Profit to loss

StatPro Group plc

	Final - Dec00	Final - Dec01	Comparison
REV	£3,172,000	£6,174,000	+94.6%
PBT	-£4,879,000	-£4,742,000	Loss both
EPS	-18.40p	-15.30p	Loss both

SurfControl plc

	Interim Nov00	Final - Jun01	Interim - Dec01	Comparison
REV	£10,682,000	£27,839,000	£16,725,000	+56.6%
PBT	-£25,234,000	-£60,940,000	-£27,067,000	Loss both
EPS	-88.78p	-207.78p	-89.31p	Loss both

Synstar plc

	Interim - Mar01	Final - Sep01	Interim - Mar02	Comparison
REV	£120,254,000	£238,198,000	£111,590,000	-7.2%
PBT	-£18,818,000	-£21,296,000	£1,570,000	Loss to profit
EPS	-11.80p	-13.80p	0.30p	Loss to profit

Systems Union plc

	Final - Dec00	Final - Dec01	Comparison
REV	£53,778,000	£78,385,000	+45.8%
PBT	-£105,924,000	£2,189,000	Loss to Profit
EPS	-125.30p	1.90p	Loss to Profit

Telecity Plc

	Final - Dec00	Final - Dec01	Comparison
REV	£14,053,000	£32,628,000	+132.2%
PBT	-£12,686,000	-£35,392,000	Loss both
EPS	-21.80p	-25.20p	Loss both

Telework Systems plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	Comparison
REV	£10,409,000	£21,947,000	£8,343,000	-19.8%
PBT	£2,757,000	£4,173,000	-£1,800,000	Profit to loss
EPS	1.09p	1.36p	-0.80p	Profit to loss

Terence Chapman Group plc

	Interim - Feb01	Final - Aug01	Interim - Feb02	Comparison
REV	£21,830,000	£32,020,000	£6,021,000	-72.4%
PBT	£2,247,000	£8,124,000	-£2,748,000	Profit to loss
EPS	2.32p	6.30p	-3.59p	Profit to loss

Tikit Group plc

	Final - Dec00	Final - Dec01	Comparison
REV	£9,310,000	£9,123,000	-2.0%
PBT	£876,000	£1,006,000	+14.8%
EPS	5.48p	6.10p	+11.3%

Torex plc

	Final - Dec00	Final - Dec01	Comparison
REV	£88,425,000	£132,206,000	+49.5%
PBT	£5,133,000	£8,915,000	+73.7%
EPS	9.00p	9.90p	+10.0%

Total Systems plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	Comparison
REV	£1,584,209	£3,849,292	£2,838,066	+79.1%
PBT	£156,071	£717,337	£772,911	+395.2%
EPS	1.04p	4.90p	5.11p	+391.3%

Totalise Plc

	Final - Apr00	Final - Apr01	Comparison
REV	£870,217	£4,284,893	+392.4%
PBT	-£1,946,395	-£4,359,241	Loss both
EPS	-15.35p	-11.25p	Loss both

Touchstone Group plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	Comparison
REV	£5,490,000	£11,807,000	£6,121,000	+11.5%
PBT	£410,000	£1,481,000	£606,000	+47.8%
EPS	2.50p	9.80p	3.80p	+52.0%

Trace Group plc

	Interim - Nov00	Final - May01	Interim - Nov01	Comparison
REV	£8,328,000	£15,656,000	£10,475,000	+25.8%
PBT	£1,085,000	£3,183,000	£771,000	-28.9%
EPS	5.25p	17.12p	3.12p	-40.6%

Transeda Plc

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£2,413,000	£6,510,000	£3,528,000	+46.2%
PBT	£46,000	£592,000	-£259,000	Profit to loss
EPS	0.08p	0.66p	-0.43p	Profit to loss

Transware Plc

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£4,313,635	£10,417,322	£6,284,764	+45.7%
PBT	£452,647	£1,550,188	£622,147	+37.4%
EPS	1.11p	3.59p	1.40p	+26.1%

Triad Group plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	Comparison
REV	£25,003,000	£52,783,000	£24,182,000	-3.3%
PBT	£1,265,000	£4,511,000	£1,519,000	+20.1%
EPS	3.41p	11.74p	4.10p	+20.2%

Tribal Group Plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	Comparison
REV	£4,086,000	£24,088,000	£15,344,000	+275.5%
PBT	£177,000	£2,841,000	£761,000	+329.9%
EPS	n/a	4.00p	3.95p	n/a

Ultima Networks plc

	Interim - Jun00	Final - Dec00	Interim - Jun01	Comparison
REV	£3,889,000	£6,952,000	£2,768,000	-28.8%
PBT	-£496,000	-£865,000	-£599,000	Loss both
EPS	-0.26p	-0.45p	-0.31p	Loss both

Universe Group Plc

	Interim - Jun00	Final - Dec00	Interim - Jun01	Comparison
REV	£21,963,000	£48,477,000	£27,281,000	+24.2%
PBT	£111,000	£577,000	£431,000	+288.3%
EPS	-0.60p	-0.4	0.10p	Loss to Profit

Vega Group plc

	Interim - Oct00	Final - Apr01	Interim - Oct01	Comparison
REV	£18,249,000	£35,661,000	£17,572,000	-3.7%
PBT	-£1,332,000	-£5,882,000	-£332,000	Loss both
EPS	-5.79p	-26.87p	-1.90p	Loss both

VI Group plc

	Final - Dec00	Final - Dec01	Comparison
REV	£5,642,000	£6,456,000	+14.4%
PBT	£465,000	£726,000	+56.1%
EPS	1.05p	2.12p	+101.9%

Vocalis Group plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	Comparison
REV	£2,008,000	£2,701,000	£1,223,000	-39.1%
PBT	-£2,478,000	-£7,144,000	-£1,968,000	Loss both
EPS	-5.60p	-15.82p	-4.25p	Loss both

Warthog Plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	Comparison
REV	£1,779,168	£3,782,386	£4,770,285	+168.1%
PBT	£150,638	£314,150	£35,816	-76.2%
EPS	n/a	0.65p	0.03p	n/a

Wealth Management Software plc

	Final - Dec00	Final - Dec01	Comparison
REV	£15,533,000	£12,009,000	-22.7%
PBT	-£251,000	-£6,346,000	Loss both
EPS	-0.67p	-15.24p	Loss both

Xansa plc

	Interim - Oct00	Final - Apr01	Interim - Oct01	Comparison
REV	£182,212,000	£391,235,000	£269,230,000	+47.8%
PBT	-£5,746,000	£652,000	£848,000	Loss to Profit
EPS	-3.35p	-4.22p	-3.46p	Loss both

XKO Group plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	Comparison
REV	£20,197,000	£38,211,000	£20,433,000	+1.2%
PBT	-£2,311,000	-£19,611,000	-£4,777,000	Loss both
EPS	-10.10p	-85.30p	-25.30p	Loss both

Xpertise Group plc

	Final - Dec00	Final - Dec01	Comparison
REV	£5,758,000	£5,276,000	-8.4%
PBT	-£4,000,000	-£1,571,000	Loss both
EPS	-0.08p	-4.83p	Loss both

Note: The companies listed on pages 16-19 are those companies in our S/ITS index with revenue of >£2m. Also included in our index are: Actinic, Atlantic Global, BSoftB, Earthport, Easyscreen, Ffastfil, I-Document Systems, Internet Business Group, Knowledge Technology Solutions, Myratech.net, Netcall, PC Medics Group, Software for Sport, Stilo International, Superscape, Systems Integrated, Ultrasis Group

Holway/SYSTEMHOUSE SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 30-May-02	Capitalisation 30-May-02	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 30-May-02	Share price move since 30-Apr-02	Share price % move in 2002	Capitalisation move since 30-Apr-02	Capitalisation move (£m) in 2002
AFA Systems	SP	£0.68	£15.9m	Loss	1.96	563	-3.57%	-26.23%	-£0.75m	-£5.77m
Affinity Internet Holdings	CS	£1.32	£39.7m	Loss	0.75	10115	-32.04%	-56.53%	-£20.46m	-£41.93m
AIT Group	CS	£4.93	£101.2m	25.5	2.99	3283	4.23%	-41.02%	£3.63m	-£68.27m
Alphameric	SP	£0.95	£96.9m	53.7	1.71	436	-15.56%	-12.84%	-£17.87m	-£14.27m
Alterian	SP	£0.56	£21.9m	Loss	5.14	280	-7.44%	-23.81%	-£1.77m	-£6.87m
Anite Group	CS	£0.86	£260.8m	12.9	1.36	500	-27.85%	-49.85%	-£115.95m	-£228.53m
Argonaut Games	SP	£0.54	£51.7m	21.6	11.75	557	-1.83%	-14.40%	-£1.52m	-£5.70m
Autonomy Corporation	SP	£3.40	£433.5m	62.1	11.95	104	-6.27%	3.98%	-£6.38m	£21.81m
Aveva Group	SP	£4.25	£71.9m	21.8	2.26	2125	4.68%	-3.74%	£4.62m	-£2.78m
Axon Group	CS	£1.58	£81.8m	19.4	1.91	900	-3.08%	-10.00%	-£7.28m	-£7.98m
Azlan Group	R	£1.58	£171.8m	12.4	0.28	685	-0.63%	17.98%	-£4.86m	£26.24m
Baltimore Technologies	SP	£0.08	£38.4m	Loss	0.55	769	-3.23%	-50.82%	£0.02m	-£39.77m
Bond International	SP	£0.48	£6.8m	7.9	0.60	731	5.56%	-36.67%	-£1.08m	-£3.91m
Business Systems	CS	£0.06	£4.6m	Loss	0.12	46	-4.35%	-59.26%	-£0.03m	-£6.27m
Capita Group	CS	£4.18	£2,806.7m	48.0	4.37	112859	9.36%	-14.84%	£123.88m	-£423.50m
Charteris	CS	£1.17	£42.5m	39.0	3.20	1294	-0.85%	31.64%	-£0.37m	£10.23m
Clarity Commerce	SP	£0.79	£11.0m	Loss	3.06	632	0.00%	-13.66%	£0.00m	-£1.64m
Clinical Computing	SP	£0.29	£7.3m	Loss	3.34	234	-1.69%	-3.33%	£0.13m	-£0.25m
CMG	CS	£1.26	£778.0m	Loss	0.85	3462	-29.10%	-48.35%	-£400.90m	-£711.25m
Comino	SP	£1.41	£19.4m	Loss	0.94	1085	-14.55%	-17.06%	-£3.89m	-£4.09m
Compass Software	SP	£0.80	£9.3m	20.7	2.16	533	0.00%	-13.04%	£0.00m	-£1.42m
Compel Group	R	£0.92	£28.5m	Loss	0.12	736	3.37%	8.88%	£0.93m	£2.33m
Computacenter	R	£3.37	£623.6m	17.6	0.30	502	3.22%	-2.46%	£2.73m	-£15.80m
DCS Group	CS	£0.30	£7.5m	Loss	0.07	500	-17.81%	5.26%	-£3.08m	£0.38m
Delcam	SP	£1.67	£10.0m	14.8	0.55	642	-4.57%	16.78%	-£0.07m	£1.33m
Detica	CS	£3.70	£81.6m	35.6	3.07	925	-5.49%	-7.50%	-£4.80m	-£6.40m
Diagonal	CS	£0.71	£63.5m	12.1	0.77	1032	-21.98%	-30.73%	-£18.15m	-£26.95m
Dicom Group	R	£5.28	£109.8m	45.1	0.78	1617	22.39%	24.41%	£19.26m	£21.46m
Dimension Data	R	£0.55	£701.9m	22.3	0.48	97	-10.29%	-35.50%	-£109.46m	-£386.06m
DRS Data & Research	SP	£0.23	£7.9m	16.6	0.78	207	10.98%	49.18%	£0.08m	£2.60m
Easynet	CS	£1.23	£76.0m	Loss	1.82	34	-15.52%	-53.60%	-£13.92m	-£87.72m
ECSoft Group	CS	£3.25	£36.6m	Loss	0.62	180	0.00%	-35.96%	-£22.20m	-£22.75m
Eidos	SP	£1.51	£209.4m	Loss	1.21	7547	17.05%	-16.11%	£19.38m	-£40.23m
Electronic Data Processing	SP	£0.45	£11.0m	Loss	1.05	1363	-1.11%	-11.00%	-£0.32m	-£1.62m
Epic Group	CS	£0.75	£19.0m	15.7	2.37	714	7.91%	-14.29%	-£0.18m	-£3.08m
Eurolink Managed Services	CS	£0.43	£4.5m	16.7	0.54	430	0.00%	-4.44%	£0.00m	-£0.21m
Eyretel	SP	£0.55	£83.4m	112.2	1.67	545	-2.68%	-25.34%	-£1.52m	-£28.32m
Financial Objects	SP	£0.49	£19.2m	12.8	1.10	213	-13.27%	-40.96%	-£1.40m	-£13.39m
Flomerics Group	SP	£0.84	£12.2m	36.7	0.95	3231	0.00%	5.00%	£0.00m	£0.60m
Focus Solutions Group	SP	£0.53	£13.5m	Loss	2.66	269	8.25%	-48.78%	£0.89m	-£12.21m
Gladstone	SP	£0.09	£3.2m	Loss	0.53	213	3.03%	-38.18%	£0.00m	-£1.53m
Glotel	A	£0.64	£24.1m	45.4	0.15	330	1.60%	54.88%	£0.39m	£8.59m
Gresham Computing	CS	£0.43	£20.6m	Loss	0.83	460	59.81%	66.02%	£7.71m	£8.13m
Guardian iT	CS	£0.79	£55.1m	Loss	0.48	310	0.00%	-49.03%	£0.00m	-£53.04m
Harrier Group	CS	£0.25	£7.2m	Loss	0.64	194	-25.37%	-50.98%	-£2.85m	-£7.05m
Harvey Nash Group	A	£0.89	£46.7m	Loss	0.20	506	-8.29%	-26.25%	-£9.47m	£10.83m
Highams Systems Services	A	£0.08	£1.5m	Loss	0.07	215	-18.42%	-47.46%	-£0.34m	-£1.37m
Horizon Technology	R	£0.20	£11.4m	Loss	0.05	72	-9.30%	-38.10%	-£1.11m	-£7.01m
Host Europe	CS	£0.02	£17.6m	Loss	1.85	618	16.67%	-9.79%	£3.30m	-£2.50m
I S Solutions	CS	£0.16	£3.9m	22.2	0.36	578	-38.00%	-52.31%	-£2.31m	-£4.18m
ICM Computer Group	CS	£2.28	£45.0m	13.0	0.67	1264	-0.44%	-24.17%	-£0.20m	-£14.31m
IDS Group	SP	£0.49	£27.8m	Loss	0.79	539	-17.09%	1.04%	-£6.63m	£0.27m
Innovation Group	SP	£1.55	£298.0m	Loss	5.16	677	7.64%	-56.94%	£9.86m	-£369.84m
Intelligent Environments	SP	£0.05	£6.2m	Loss	2.00	51	5.56%	-9.52%	£0.00m	£3.10m
Intercede Group	SP	£0.44	£7.1m	Loss	5.96	725	-8.42%	-21.62%	-£0.66m	-£1.97m
IQ-Ludorum	SP	£0.06	£4.4m	Loss	0.73	73	0.00%	-55.10%	£0.00m	-£5.40m
iRevolution	CS	£0.15	£6.6m	15.0	3.31	326	7.41%	-29.27%	£0.46m	-£2.73m
iSOFT Group	SP	£2.27	£266.5m	33.8	8.56	2059	-21.49%	-12.04%	-£67.09m	-£36.48m
ITNET	CS	£2.03	£148.0m	16.2	0.84	579	-1.22%	-18.51%	-£1.27m	-£29.90m
Izodia (was Infobank)	SP	£0.50	£29.2m	Loss	7.74	7937	-12.28%	58.73%	-£4.08m	£10.83m
Jasmin	SP	£2.60	£12.2m	Loss	3.06	1733	1.36%	3.17%	£0.90m	£0.31m
K3 Business Technology	SP	£0.18	£8.9m	Loss	1.11	134	52.17%	29.63%	£2.79m	£2.03m
Kewill Systems	SP	£0.34	£25.8m	Loss	0.54	667	-22.86%	-21.97%	-£17.04m	-£7.24m
Keystone Solutions Group	SP	£0.10	£11.4m	Loss	2.53	111	0.00%	-28.57%	£11.19m	-£4.60m
Knowledge Management Software	SP	£0.02	£2.0m	Loss	0.33	13	-58.82%	-85.11%	-£2.88m	-£11.54m
Knowledge Support Systems Group	SP	£0.13	£9.6m	Loss	9.59	59	-7.14%	-26.76%	-£1.51m	-£3.52m
Logica	CS	£2.18	£973.7m	8.0	0.86	2985	-31.34%	-65.94%	-£469.77m	-£1,886.39m
London Bridge Software	SP	£1.17	£197.7m	21.5	2.67	2913	-19.93%	-34.73%	-£64.47m	-£105.17m
Lorien	A	£0.87	£17.0m	9.2	0.12	865	1.17%	37.30%	£0.20m	£4.70m
Macro 4	SP	£1.13	£23.4m	11.4	0.50	454	-12.79%	-55.45%	-£4.99m	-£29.09m
Manpower SoftWare	SP	£0.18	£4.3m	Loss	1.56	186	35.85%	-28.00%	£1.08m	-£1.67m
Marlborough Stirling	SP	£1.48	£333.9m	25.1	4.55	1057	-10.57%	-27.80%	-£33.24m	-£132.84m

Note: Main SYSTEMHOUSE SCS Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The SCS Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.
Category Codes: CS= Computer Services SP = Software Product R = Reseller A = IT Agency O = Other

Holway/SYSTEMHOUSE SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 30-May-02	Capitalisation 30-May-02	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 30-May-02	Share price move since 30-Apr-02	Share price % move in 2002	Capitalisation move since 30-Apr-02	Capitalisation move (£m) in 2002
MERANT	SP	£1.00	£114.9m	Loss	0.53	483	-6.54%	-9.50%	-£9.22m	-£34.25m
Mettoni Group	CS	£0.13	£5.3m	Loss	1.24	115	-3.85%	-39.02%	£0.00m	-£3.36m
Microgen	CS	£0.63	£40.2m	11.0	1.91	267	-16.67%	-39.02%	-£9.71m	-£11.94m
Minorplanet Systems	SP	£2.25	£164.7m	56.1	3.11	4595	-21.47%	-24.62%	-£47.34m	-£41.04m
Mission Testing	CS	£1.00	£17.2m	15.5	3.45	366	2.56%	-38.46%	-£0.80m	-£10.69m
Misys	SP	£2.26	£1,299.4m	16.0	1.51	2809	-11.82%	-30.54%	-£201.06m	-£572.18m
MMT Computing	CS	£1.20	£14.5m	Loss	0.47	714	6.67%	9.09%	£1.32m	£1.22m
Mondas	SP	£0.37	£7.4m	Loss	2.74	493	48.00%	34.55%	£2.40m	£1.90m
Morse	R	£2.23	£285.0m	16.5	0.49	890	16.49%	17.11%	£271.80m	£41.70m
MSB International	A	£0.74	£15.0m	11.6	0.10	387	2.08%	-13.02%	-£0.43m	-£2.23m
Ncipher	SP	£0.68	£85.4m	Loss	5.95	270	-18.67%	-15.09%	-£19.66m	-£15.16m
NetBenefit	CS	£0.10	£1.6m	Loss	0.25	49	0.00%	-25.00%	£0.00m	-£0.52m
Netstore	CS	£0.17	£15.7m	Loss	4.41	110	6.45%	-17.50%	£1.20m	-£1.98m
Nettec	CS	£0.07	£8.3m	Loss	0.50	28	-10.00%	-38.64%	-£0.92m	-£5.24m
Northgate Information Solutions	CS	£0.24	£68.7m	7.4	0.64	92	-11.11%	-28.36%	-£12.15m	-£27.13m
NSB Retail Systems	SP	£0.25	£77.6m	Loss	0.83	2130	-14.78%	0.00%	-£10.35m	-£0.04m
OneclickHR	SP	£0.38	£20.2m	Loss	3.48	938	4.17%	-10.71%	£0.79m	-£1.91m
Orchestream	SP	£0.07	£8.8m	Loss	0.60	36	-10.00%	-67.07%	-£0.97m	-£17.98m
Parity	A	£0.39	£59.1m	Loss	0.24	6417	-18.95%	-21.43%	-£17.61m	-£16.07m
Patsystems	SP	£0.09	£12.1m	Loss	2.07	86	8.82%	-11.90%	£0.35m	-£1.60m
Planit Holdings	SP	£0.54	£44.4m	17.4	2.33	2229	-2.73%	-2.73%	-£1.30m	-£1.30m
Protagona (was Recognition)	SP	£0.02	£7.9m	Loss	0.89	32	-10.00%	-43.75%	-£0.87m	-£6.14m
PSD Group	A	£4.18	£104.8m	30.3	1.46	1898	-0.60%	-8.74%	-£0.60m	-£10.00m
QA (was Skillsgroup)	CS	£0.42	£38.1m	Loss	0.69	186	0.00%	-9.78%	£0.00m	-£2.50m
Quantica	A	£0.77	£30.3m	13.5	0.91	621	4.76%	40.00%	£3.80m	£8.70m
Raft International	SP	£0.08	£5.3m	Loss	0.55	127	-8.57%	-21.95%	-£0.65m	-£1.47m
Rage Software	SP	£0.02	£6.2m	Loss	1.08	58	-45.45%	-81.25%	-£6.19m	-£24.86m
RDL Group	A	£0.30	£5.9m	6.0	0.14	333	5.26%	-44.44%	-£1.28m	-£4.52m
Retail Decisions	SP	£0.15	£40.8m	Loss	1.84	196	-7.94%	-23.68%	-£4.91m	£11.55m
RexOnline	A	£0.35	£4.6m	Loss	2.29	417	-7.89%	-12.50%	-£0.46m	-£0.66m
Riversoft	SP	£0.10	£23.0m	Loss	3.53	101	-9.52%	-20.83%	-£2.41m	-£6.01m
RM	SP	£0.73	£68.5m	6.5	0.28	2086	0.69%	-69.26%	£0.49m	-£154.41m
Rolfe & Nolan	SP	£0.70	£10.2m	Loss	0.40	827	24.11%	-15.76%	£1.80m	-£1.40m
Royalblue Group	SP	£4.00	£121.8m	25.1	1.84	2353	-22.71%	-34.69%	-£38.10m	-£62.60m
Sage Group	SP	£1.74	£2,197.8m	24.9	4.54	66731	-12.37%	-24.07%	-£196.77m	-£696.67m
SBS Group	A	£0.14	£1.8m	Loss	0.04	140	-34.88%	-34.88%	-£1.26m	-£0.19m
Science Systems	CS	£4.20	£105.8m	21.1	2.13	3256	-9.68%	-19.23%	-£11.36m	-£25.16m
SDL	CS	£0.62	£33.2m	Loss	0.98	413	-8.15%	-8.82%	-£3.04m	£4.45m
ServicePower	SP	£0.09	£4.3m	Loss	1.36	85	-45.16%	-62.22%	-£3.84m	-£7.16m
Sherwood International	SP	£1.06	£48.4m	Loss	0.86	3531	-22.63%	-19.70%	-£17.80m	-£10.66m
Sirius Financial (was Policymaster)	SP	£1.47	£26.0m	Loss	1.50	977	1.03%	50.26%	£4.51m	£10.41m
Smartlogik	SP	£0.00	£0.7m	Loss	0.01	2	0.00%	-87.50%	£0.00m	-£5.23m
Sopheon	SP	£0.13	£11.1m	Loss	0.80	187	-11.86%	-55.17%	-£2.49m	-£13.61m
Spring Group	A	£0.64	£96.1m	Loss	0.44	711	7.56%	-17.42%	£6.70m	-£20.30m
Staffware	SP	£3.63	£52.2m	Loss	1.37	1611	-15.70%	8.21%	-£12.02m	£4.00m
StatPro Group	SP	£0.40	£12.7m	Loss	2.06	494	17.91%	-8.14%	£2.22m	-£1.18m
SurfControl (was JSB)	SP	£4.18	£125.9m	Loss	7.53	2088	-23.74%	-15.23%	-£57.31m	-£22.61m
Synstar	CS	£0.56	£90.2m	Loss	0.38	336	-13.95%	-19.57%	-£17.04m	-£21.94m
Systems Union (was Freecom)	SP	£0.93	£95.4m	23.9	1.22	712	2.78%	10.78%	£2.48m	£9.28m
Telecity	CS	£0.10	£19.0m	Loss	1.35	12	-11.63%	-26.92%	-£2.10m	-£7.10m
Telework Systems	SP	£0.15	£26.2m	21.4	1.19	0	-21.62%	-64.20%	-£7.20m	-£46.90m
Terence Chapman Group	CS	£0.23	£15.9m	Loss	0.50	167	0.00%	-45.12%	-£0.99m	-£13.04m
Tikit Group	CS	£1.14	£13.2m	16.4	1.45	987	0.00%	-0.87%	£0.00m	-£0.10m
Torex Group	CS	£7.00	£315.4m	29.8	2.39	13592	-4.31%	-3.78%	£8.30m	-£4.90m
Total Systems	SP	£0.98	£10.1m	10.8	2.63	1840	-6.70%	-25.29%	-£0.76m	-£3.46m
Totalise	CS	£0.05	£3.2m	Loss	0.75	214	0.00%	5.88%	£0.00m	£0.18m
Touchstone Group	SP	£1.19	£12.0m	8.1	1.02	1133	-2.06%	-11.19%	-£0.20m	-£1.50m
Trace Group	SP	£0.70	£10.5m	5.9	0.62	556	-9.15%	-26.46%	-£1.06m	-£3.86m
Transeda	SP	£0.08	£5.4m	7.5	0.83	155	-46.55%	-68.37%	-£4.70m	-£11.34m
Transware	CS	£0.20	£7.0m	4.7	0.67	252	-31.58%	-56.67%	-£4.13m	-£8.53m
Triad Group	CS	£0.73	£15.8m	5.6	0.30	537	1.40%	-22.46%	-£2.40m	-£8.00m
Tribal Group	CS	£3.46	£156.5m	42.0	6.50	2097	-1.84%	6.46%	-£5.65m	£38.05m
Ultima Networks	R	£0.02	£3.9m	Loss	0.55	49	-11.11%	-11.11%	-£0.49m	-£0.49m
Universe Group	SP	£0.34	£10.1m	Loss	0.21	1511	7.94%	-11.69%	£0.70m	-£1.34m
Vega Group	CS	£1.03	£18.8m	Loss	0.53	840	32.26%	-26.79%	£4.54m	-£6.96m
VI group	SP	£0.25	£8.8m	11.3	1.36	490	2.08%	-18.33%	£3.80m	£1.23m
Vocalis Group	SP	£0.07	£9.4m	Loss	3.47	71	8.00%	-3.57%	£0.35m	£6.15m
Warthog	SP	£0.39	£18.2m	60.0	4.82	895	-3.75%	-9.41%	-£0.19m	£0.41m
Wealth Management Software	SP	£0.19	£8.0m	Loss	0.66	146	11.76%	22.58%	£0.84m	£1.47m
Xansa (was F.I. Group)	CS	£1.45	£473.1m	Loss	1.21	3718	-11.31%	-59.04%	-£65.25m	-£681.53m
XKO Group	SP	£0.40	£10.6m	Loss	0.28	263	-11.24%	-22.55%	-£1.60m	-£3.10m
Xpertise Group	CS	£0.04	£2.9m	Loss	0.55	160	0.00%	-20.00%	-£0.37m	£1.32m

Note: Main SYSTEMHOUSE SCS Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The SCS Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.
Category Codes: CS= Computer Services SP = Software Product R = Reseller A = IT Agency O = Other

TECHMARK FALLS BELOW 1000

The techMARK has fallen to its lowest point ever this month, ending May 30th on 990.86 - this is under half its start point under three years ago. The fall below the 1000 mark was pretty inevitable as Nasdaq had also been suffering.

But what of our S/ITS index? Well this also finished the month down - by 4.4% to 3910.82 - the first time it has fallen below the 4000 mark since the beginning of 1999. This month, IT staff agencies suffered the most, with a 5.6% fall - exacerbated by a 35% fall in SBS Group's share price to 14p. SBS announced their interim results on the last day of the month and this sent their share price tunmbling 7% further to 13p. The system houses and software companies also suffered a near 5% average drop in their share prices.

30-May-02	
SCSI Index	3910.82
FTSE IT (SCS) Index	528.36
techMARK 100	990.86
FTSE 100	5040.80
FTSE AIM	836.00
FTSE SmallCap	2587.97

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/05/02 to 30/05/02)	-4.43%	-2.42%	-6.15%	-14.56%	+0.31%	+0.62%
From 15th Apr 89	+291.08%	+145.46%				
From 1st Jan 90	+325.04%	+113.41%				
From 1st Jan 91	+452.48%	+133.33%				
From 1st Jan 92	+274.29%	+102.19%				
From 1st Jan 93	+145.41%	+77.09%				+86.54%
From 1st Jan 94	+134.24%	+47.46%				+38.49%
From 1st Jan 95	+160.86%	+64.44%				+48.19%
From 1st Jan 96	+73.16%	+36.63%	+25.54%		-12.32%	+33.29%
From 1st Jan 97	+46.06%	+22.39%	+8.33%		-14.35%	+18.55%
From 1st Jan 98	+28.86%	-1.84%	+3.86%	-47.16%	-15.73%	+11.88%
From 1st Jan 99	-0.78%	-14.31%	-31.95%	-63.46%	+4.29%	+24.97%
From 1st Jan 00	-65.91%	-27.26%	-73.78%	-85.79%	-56.74%	-16.46%
From 1st Jan 01	-53.29%	-18.99%	-61.38%	-72.89%	-41.86%	-18.70%
From 1st Jan 02	-18.49%	-3.38%	-32.72%	-37.42%	-6.88%	+0.34%

End May 02	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move since 1st Jan 02	Move in May 02
System Houses	-16.2%	-67.3%	-56.1%	-20.9%	-4.9%
IT Staff Agencies	-61.5%	-66.5%	-46.6%	-3.7%	-5.6%
Resellers	30.5%	-37.1%	-16.8%	-7.4%	1.8%
Software Products	49.1%	-64.1%	-74.0%	-16.1%	-4.6%
Holway Internet Index	165.5%	-67.7%	-52.5%	-14.1%	-3.5%
Holway SCS Index	-0.8%	-65.9%	-53.3%	-18.5%	-4.4%

Overall, the worst performers were some of the smaller companies such as Knowledge Management Software and Transeda which both released downbeat trading updates. But also suffering were Logica and CMG with falls in their share prices of 31% and 29% respectively, after Logica reported difficult trading conditions in its Mobile Networks division.

The best performance in May came from Gresham Computing which saw an increase in its share price of 60% to 43p. Capita also managed an increase in its share price of 9.4% to 418p. This month it acquired three HR businesses from PwC, and announced increased its estimate of revenues for 2002 to £895m, representing 30% growth on the prior year. Since we started our S/ITS index back in Apr. 89, Capita has seen the most impressive performance with its share price up an amazing 104x i.e. in excess of a 10,000% gain.

ORDER FORM

FROM:

DELIVERY ADDRESS:

HOLWAY@OVUM
Continuous service incl. SYSTEMHOUSE & Hotnews
£6000+VAT for an annual single user subscription
Call 01252 740908 for further details

SYSTEMHOUSE (incl. Hotnews access)
☐ Annual single user subscription @ £495
☐ Annual 5 user subscription @ £1495.

ITSA MARKET SERVICE
☐ Single User Licence @ £2950

NEW THE BPO MARKET IN THE UK : IMPACT & OPPORTUNITY
☐ Single User Licence & hard copy @ £2000

UK PUBLIC SECTOR: OPPORTUNITIES FOR IT SERVICES
☐ Master copy @ £2000

For further details and additional licensing options please cal 01252 740908

☐ Cheque enclosed (Cheque payable to *Ovum Ltd.*) ☐ Please invoice my company

Address: *Ovum Holway, 2 Georges Yard, Farnham, Surrey, GU9 7LW* Phone: *01252 740900* Fax: *01252 740919* email: *mail@ovumholway.com*

SIGNED: DATE:

SYSTEMHOUSE® is published monthly by Ovum Holway, 2, St. George's Yard, Farnham, Surrey, GU9 7LW. Telephone 01252 740900; Fax: 01252 740919; E-mail: mail@ovumholway.com which also publishes the annual "Holway Report". Ovum Holway analysts might hold stock in the companies featured.
© 2002 Ovum Limited. The information contained in this publication may not be reproduced without the written permission of the publishers. Whilst every care has been taken to ensure the accuracy of the information contained in this document, the publishers cannot be held responsible for any errors or any consequences thereof. Subscribers are advised to take independent advice before taking any action. **SYSTEM**HOUSE® is a registered trademark of Ovum Limited.