January 2004

Volume 15 Number 3
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

A 'FINANCIAL' HAVEN FOR OUTSOURCERS

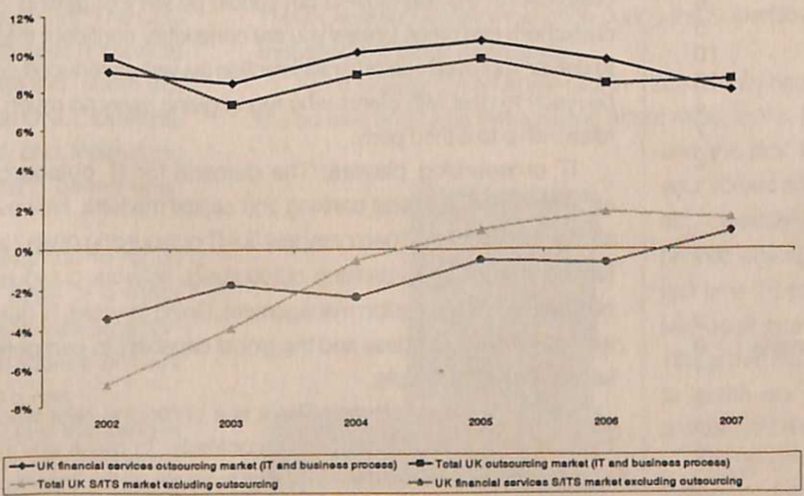
Hunting out growth opportunities

The UK financial services S/ITS & BPO market will outperform the total UK S/ITS & BPO market in every year through to 2007. We've said before that it's possible to find fruitful niches in the UK S/ITS market and our latest research serves to identify the UK banking and insurance sectors as attractive targets.

The market for software and services in the UK financial services sector is set to grow by an annual average rate of 5% between 2002 and 2007. This compares to an annual average growth rate of 3.7% for the UK S/ITS & BPO market as a whole over the same period.

Increasing acceptance of outsourcing

If you're in the outsourcing game, whether that is IT outsourcing or BPO, the outlook for the UK financial services sector is even brighter. The market for outsourcing in the UK financial services sector will increase at an annual average rate of 9.4% from 2002 to 2007, compared to an 8.7% average growth rate for the total UK outsourcing market.



Within the four financial services subsectors – retail banking, capital markets, life & pensions insurance and general insurance – the level of acceptance of IT and business process outsourcing is varied. While the general insurance industry has shown little sign of dropping its conservative approach, the life & pensions insurance industry has taken the 'bull by the horns' in its adoption of closed book outsourcing (and looks likely to embrace open book outsourcing as a next step). In the capital markets, banks looking to increase the predictability of their cost bases are turning to network, datacentre and/or desktop outsourcing – and the scope of contracts is increasing. While in retail banking, adoption of IT outsourcing and BPO, through payment, cheque and mortgage processing, has demonstrated, and in our opinion will continue to demonstrate, steady growth.

Reasons to be cheerful

But what's driving our optimism about the UK financial services sector? In brief:

Cost, risk & innovation

What's top in the mind of a financial services sector CIO? Everything comes down to one of three words – cost, risk and innovation. Banks and insurance companies are operating in an increasingly competitive environment. So while the heart of the CIO's agenda lies in the need to deliver a reduction in cost and risk, the strategy must also support a huge demand for business innovation. The phrase "*doing more with less*" has never been more appropriate.

Regulation

In a tough economic climate most organisations will continue to put off spending money on large S/ITS projects. After all, they've managed to do without up until now, so why not for another few years? The difference in the financial services sector is the fixed deadline associated with the introduction of Basel II, which is providing an incentive to release this 'pent-up demand'.

Although Basel II will remain a secondary driver, organisations have realised there's an inherent link between managing risk (Basel II) and managing cost (business driven). For example, infrastructure rationalisation and better data management will serve both to drive down costs and provide sufficient information for managing risk across the business.

Huge IT budgets

Financial services organisations, particularly the major

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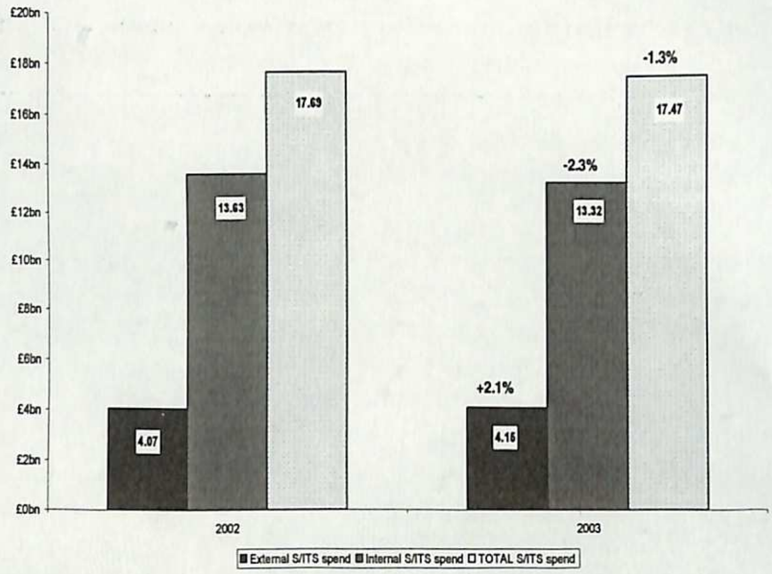
banks, boast multi-million dollar IT budgets. However, only a minority proportion of this money (we reckon less than a quarter) finds its way into the hands of external suppliers. As such, just a small shift from internal to external spend over the next few years will significantly boost the revenues of UK S/ITS suppliers to this sector.

The primary driver for this change is cost. As we've said financial institutions are expecting *more* from their IT but are prepared to pay *less* for it. This has resulted in a stream of large outsourcing deals over the past couple of years and is a trend we expect to continue. The outsourcing trend is being encouraged by the increasing number of S/ITS companies willing (necessarily) to offer their clients flexible outsourcing arrangements.



So what messages should UK S/ITS & BPO suppliers take away?

BPO players: Take-up of business process outsourcing has been piecemeal and focused in the life & pensions and retail banking sectors. Suppliers should position themselves to take advantage of the increasing confidence of these customers in the use of BPO but should be wary of getting too close to their customer's customer. Unless you are completely confident that you will be able to deliver improved customer satisfaction (as well as reduced costs) you have to be ready to deal with clients who regret giving away so much of the customer relationship to a third party.

IT outsourcing players: The demand for IT outsourcing has mainly emanated from the retail banking and capital markets. However, our research shows that there have been very few 'full IT outsourcing deals'; instead contracts have had a focus on desktop outsourcing, network outsourcing, datacentre outsourcing or application management. Going forward, IT outsourcing players will need the critical mass and the global capability to compete for increasingly large and complex deals.

Project services players: There is a continuing reluctance to embark on major stand-alone SI & consulting contracts. To make any impression in this market suppliers will need the expertise to advise on the impact of the increasingly complex risk and regulatory environment.

Support services players: We see growth in this sector slowing as desktop outsourcing is increasingly undertaken as part of large outsourcing deals. Support services players will need to 'hang on the coat-tails' of an IT outsourcer or alternatively develop their own strategy.

Software players: Niche software players, for example those that have developed a set of regulatory compliance software, will benefit from activities such as document and e-mail archiving in the financial services sector. However, they will continue to compete heavily with in-house development teams. (Georgina O'Toole)

*Our latest research, **"UK financial services sector: The market for software and services"** is now available. Contact Damien McInerny on 020 7551 9315 or email dkm@ovum.com for details.*

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INDICES (changes in Dec 03)

Holway S/ITS	0.36%	4676
Holway Internet	3.1%	4170
FTSE IT (SCS)	-5.42%	503
techMARK 100	0.27%	1015.00
Nasdaq Comp	2.19%	2003

HOLWAY COMMENT

4 4oughts 4 '04

When you are an analyst, you seem to spend December doing nothing but giving your views and predictions for the coming year to various journalists. All to be used in their first issue of the New Year. So I thought we would join them and give you four thoughts for 2004.

1 – "Hope is not a Strategy"

Yet again we at Ovum Holway find ourselves at the lowest end of all the researchers' forecasts for 2004. We reckon on a 2+% rise in UK S/ITS revenues in 2004; which is roughly flat in real terms. Yet again the media is attacking us for this. *Maybe they really should attack the other researchers who have got it consistently wrong for three years in a row now*. I'll only take criticism from you, our customers. The CEO of one of world's largest IT services companies told me this month that ours were now the ONLY forecasts they took seriously and, indeed, did all their UK planning based upon them.

I would be delighted to report that we see the signs of a major upturn. But *"Hope is not a Strategy"* and we see no evidence of CIOs wanting to spend more.

2004 will continue the trend of "More for Less". We will see little top line revenue growth but we will see continued bottom line/profits growth resulting from cost savings already implemented.

However, we see that cost cutting phase now at an end. We will not see sustained earnings growth in 2005 and onwards UNLESS there is some top line growth too.

And that's why we are increasingly worried about the valuations of S/ITS stocks. Our S/ITS index rose by 72% in 2003 alone – although it is STILL down 71% from its (16000) high in March 2000. Current valuations are based on continued earnings growth. When investors realise that might not be sustainable, we will have another correction.

2 – Thankyou, Mr Brown

It is a salutary thought that UK public sector S/ITS spend will increase by over 9% in 2004. Without it, the UK S/ITS sector would have been set to register its third consecutive year of decline. Indeed, much of the current strength of the economy, and the very low unemployment rate in the UK, is as a result of increased public expenditure currently being paid for by increased borrowings.

It is absolutely RIGHT that our customers should take advantage of this windfall. BUT it would be equally WRONG of them to rely on it continuing forever. As we all know, the highest expenditure on IT is during its implementation phase. It reduces during the run phase. There are a skew of projects (not least the NHS IT programme) that have their highest expenditure in 2004/2005. We will undoubtedly see a tailing off in 2006. Not least because we will be in a post-election period!

Let's all "hope" that by then the private sector can take up the slack.....

3 – Brave New World..or *was it 1984?*

Twenty years ago the clock ticked over to 1984. The one overriding event I remember from 1984 was the launch of the Apple Mac on 24th Jan. 84 and THAT Orwellian advert aired once during the SuperBowl but re-shown for free thousands of times afterwards.

As I'd already got an Apple Lisa in 1983, I really had been "empowered" as the ad said and I was evangelizing about mice, icons, pull down menus, GUIs and the like. Look to the top left of your screen now and you see File, Edit etc. ..exactly the same as appeared on that little Apple Mac screen for the first time 20 years ago. It wasn't until Microsoft launched Windows in the 1990s that the rest of the world started to catch up. Now it's all taken for granted. What's the fuss?

I really do have the same exciting feelings today about my GPRS card/ Blackberry and **the wonderful world of wireless.** I have real excitement about the future again. OK, it may still be rather slow *(just like that original Mac!)* but it is already seamless, easy to use and pretty universal.

Seamless wireless is the FUTURE. The 1984 Mac advert was all about freeing users from the shackles of Big Brother. Wireless is all about freeing you from the shackles of the wired desktop. I've been "empowered" again. It really is that exciting!

In 20 years time (probably less..) you will take seamless, high-speed wireless for granted too.

What's the fuss?

Just that there are fortunes to be made again in helping to empower people.

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4 – A new world order

For all kinds of reasons, I believe we are on the cusp of a new order;

- **Convergence** is happening. Telcos HAVE to play in the IT services space to protect their current core market. All the major IT services players already have telco activities. EDS alone has over $8b of telco oriented revenues in the US. You only have to read about the winners of the NPfIT contracts to realise this with BT winning two of the IT services contracts already. And winning against IBM for the network-centric data spine.

But convergence is occurring between consumer electronics and corporate hardware vendors, between ITO and BPO players, between software as a package and software as a service.

- In part because of convergence, **Consolidation** is happening too. We have already seen huge consolidation with IBM and PwC Consulting, HP and Compaq, JD Edwards and Peoplesoft, Atos-Origin and Sema. You will read about many more in 2004. Initially there will be much consolidation just outside the top players. Then those consolidated companies themselves will fall prey to the really big boys. We can't think of a single player in the Top Twenty who we would be surprised to read about as either predator or prey.

- **Rising, falling**. My colleague, Anthony Miller, is now famous for his "Top of the Pops" routine at the annual Ovum Holway Evening. Even before the consolidation, I expect next year Anthony is going to be announcing more changes to his Top Ten than at any time in history. This has all come about by success, failure and changes of supplier in mega outsourcing contracts (see article on p8 for more).

Performance in 2004	
⇩	IBM
⬇	EDS
⇧	CSC
⇧	Accenture
⇧	Fujitsu Services
⇧	Capita
⇦	Hewlett Packard
⬆	BT
⬆	CGE&Y
⇦	LogicaCMG

Conclusion

2004 is going to be quite a year. Huge change. Huge opportunity. Even huge excitement at long last. But huge risk if you just think life will go on as before and you change nothing. One thing is certain. *Dull it won't be.*

-3%
176p

sage

SAGE IS STILL BORING

Sage has announced its results for the full year to 30th Sept. 03 showing revenues up 4% at £560.3m, operating profit up 13% at £155.9m, PBT up 17% at £151m with EPS up 17% at 8.16p.

These are, however, somewhat different to the figures you will read on page one of the Sage press release, which were restated using current year exchange rates and excluding the one-off £6m sponsorship of "The Sage Gateshead". On that basis PBT grew 12% and EPS grew 11%. (Note – we were pretty critical of Sage excluding this sponsorship from their headline figures last year – for goodness sake, it should have been treated like every other marketing expense. We hope they won't repeat this 'confusion' in the future).

As 47% of Sage's revenues originate in the US, the 9% decline in the $ had a significant effect – only partially offset by the 8% appreciation in the Euro.

Whichever way you look at it, Sage has delivered strong growth at the bottom line and therefore retains its "coveted" Ovum Holway Boring Award for yet another year. However, at the top line, Sage's revenue growth is looking decidedly "boring" in the other sense of the word!

Geographically:

the UK grew 3% to £161.1m (29% of the total) with operating profits up a commendable 12% at £64.6m; boosting the profit margin to 40%

"challenging" economic conditions in mainland Europe. Here acquisitions were the only reason behind a 4% increase in revenues to £134.7m whilst operating profits fell 5.1% to £29.6m

US revenues grew 4% to £264.5m; which now represent 47% of the total. Operating profits were up a very attractive 17% at £61.7m. This was due to the CRM business, which grew by 13% against a 2% increase in revenues from the accounting business.

No **SYSTEM**HOUSE reader will be surprised that "*revenues from services has proven more resilient than the sale of software in the weak economic conditions experienced during the year and, consequently we expect this part of the business to deliver continuing growth*". Indeed, support revenues were up 8% in FY03 and now represent 47% of the total. This is the REAL

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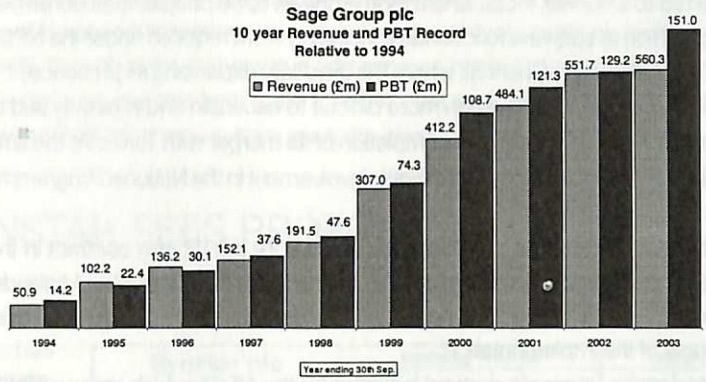
strength of Sage with its 3.6m customer base – 400,000 added from recent acquisitions. 95% of Sage's customers have <100 employees with most having no in-house IT support function. This shows the potential IF Sage (or anybody else for that matter) could really harness it in a profitable manner.

We repeat, this is the "Sage model". Buy one (or more) of the market leaders in a geography, thus adding revenue. Then apply the Sage model both to boost services and add-on revenues AND maximize profits. In a market with little top line revenue growth this model really can work wonders – as Sage so often shows. Of course, it would be good to get organic top line growth too…but many would settle for what Sage achieves.

Sage reckons that smaller SMEs



demonstrate less dependence on macro-economic conditions – which is probably true. Sage therefore seems pretty "confident" that it can deliver growth even if economic conditions are unchanged. Walker is "comfortable" with analyst expectations of a 14% rise in PBT in FY04 to £172m. Indeed, it expects to drive earnings growth in the old Sage tried and tested way from the acquisitions completed in the last year and from the further acquisitions it expects to make in the next.

Overall, these are the results we, and the market, expected. Sage's shares were up a smidgen on the day of the announcement – adding to the 40% gain this year so far. *(Richard Holway)*

9%
371p

ISOFT JUGGLES NPFIT AND MERGER AT INTERIM STAGE

As well as announcing its success as part of an Accenture-led consortium for the NHS LSP contracts in the North-East and Eastern regions and with CSC in the North West and West Midlands, **iSoft** this month released its results for the six months to end October 2003. Revenues were up 15% at £40.6m, compared to H1 of last year. Operating profit increased 7% to £7.4m and PBT was up 10% to £6.7m. EPS grew from 3.29p to 3.81p.

The revenue breakdown is as follows:

- The European Business grew total revenues by 14% to £30.2m, this growth was driven by licence sales in the region, which were up 61% to £16.7m.

- Turnover at the Australasian operations was fairly static compared to H1 last year at £6.7m, reflecting a smaller number if statewide deployments in Australia.

- Revenue from e-booking solutions acquisition Revive was just £0.6m because iSoft didn't get the National Programme e-booking contract – iSoft remains "*optimistic*" about Revive's value to the group going forward however, and points to opportunities in Scotland amongst others.

- The Northgate Healthcare business saw revenues increase 63% on the same period last year to £3.1m – this growth came from its maintenance business (up 77% to £2.3m).

Chief Executive Patrick Cryne commented: *"Taking into account existing contracted revenue and the opportunities open to the Group both in the UK and overseas, the Board is confident of a satisfactory outcome to the financial year."*

Comment: iSoft's interim results were almost an aside at the company's analyst briefing – instead the implications for iSoft of the National Programme (NPfIT) contract awards and the possible referral of its merger with Torex to the Competition Commission were at the front of everyone's minds.

So let's get the boring bit out of the way first. iSoft has reported a solid set of results - a 15% organic revenue growth and a 10% increase in PBT are not to be sneezed at in today's market, particularly since iSoft invested (and fully expensed) £1.8m in the National Programme during the period. The focus on the NPfIT has also had opportunity costs for iSoft and its peers, halting non-National Programme IT investment in England and tying up resources that could have been used to grow the order book.

Also worthy of note - but not surprising - is iSoft's growing use of

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its offshore operations. Software code manufacture and support has now been transferred to Chennai, India, where iSoft employs c250 people. iSoft confirmed any expansion of software functionality, including work required under the NPfIT, would also be done in Chennai, where it is gradually expanding its presence.

The outlook for iSoft is much more difficult to ascertain and is heavily tied to its success in the NPfIT and the completion of its merger with Torex. At the time of writing, what we do know about iSoft's involvement in the National Programme is it is:

- the main application provider to Accenture for the £1.1bn contract in the North East and Eastern regions and to CSC in the North West and West Midlands. Generally speaking it expects to get 10-20% of the value of an LSP contract over the course of the implementation

- deemed a 'strategic system' provider by the NPfIT, which means iSoft's legacy installations in LSP regions where it isn't the main application provider, can still be supported and upgraded under the NPfIT rather than ripped out. (As a result iSoft believes it has a 25% footprint in London even though it wasn't partnered with the winning LSP.) This is more likely to happen in regions where IDX is the main application provider than under Cerner.

As far as the merger with Torex is concerned:

- iSoft believes it was caught up in a *"jurisdictional argument"* between the OFT, the Tribunal and the Competition Commission. The Competition Appeal Tribunal did not find the merger 'anti-competitive'. In essence it said that the OFT should be under an obligation to refer any merger to the Competition Commission if there is a 'credible alternative view' to its own on competition issues.

- In all likelihood the merger will go ahead in the end regardless of the ultimate decision maker but this could delay completion by several months.

- In the meantime, iSoft does not have the domain expertise or resources needed to provide services on the scale required by LSPs – so where iSoft is the main application provider, Torex will be subcontracted to the LSP to provide implementation services. Not an ideal situation, but workable as a stopgap solution until the merger goes through. In the long term, iSoft needs Torex's domain expertise and services capabilities to build its position in the global market for healthcare IT solutions and maximise its potential returns from the NPfIT. In the short term, Tim Whiston (currently Group FD but acting CEO from Jan. 1st 04) is *"cautiously optimistic"* that market expectations of full-year revenues at £110/115m are realistic. *(Tola Sargeant/Phil Codling)*

ComputerLand

COMPUTERLAND POSTS RECORD INTERIM RESULTS

ComputerLand, the AIM-listed supplier of IT hardware, support and project services, has reported record results for the six months to 31st Oct. 03. Turnover has declined 4% to £25.7m compared to H1 03, however the company has delivered record profits - operating profits grew 17% to £0.8m, and pre tax profits rose 21% (£0.9m compared to £0.7m). EPS, previously 5.1p is now 6.0p, and the dividend is up 23% to 1.35p per share.

ComputerLand UK plc	Turnover £m		
Six months to 31st October	H1 04	H1 03	Change
Products	18.0	20.0	-10.0%
Project revenues	2.2	2.1	4.8%
Contracted revenues	5.5	4.6	19.6%
TOTAL	25.7	26.7	-3.7%

Commenting on the outlook, founder and Chairman Graham Gilbert said: *"Your board remains optimistic about the outcome for the year as a whole. Whilst we expect contracted revenues during the second half to remain broadly similar to those achieved in the first half, our sales pipeline gives us confidence in our ability to continue our record of growth thereafter."*

ComputerLand attributes it dip in revenues to continued price deflation in the IT hardware market. However, the company is working hard to build up its project services and contracted revenue base, and in these areas itis outperforming the market – with project revenues up 5%, and contracted support revenues up 20%.

Comment: We spoke with Graham Gilbert on the day. ComputerLand is clearly benefiting from the trend in the mid market to outsource IT support services, such as helpdesk, and network infrastructure. Indeed, Gilbert said that in excess of 80% of their new business is coming from 'first time buyers'. They are also picking up contracts with local authorities. ComputerLand currently supports Manchester City Council (its biggest account, where it manages 9,000 desktops), Solihull Metropolitan Council, Brighton & Hove, and East Northants councils. Public sector revenues account for over 10% of turnover, and are likely to continue growing as it sells direct *and* in partnership with a number of IT outsourcers.

So, against this backdrop, we were puzzled as to why contracted revenues were up only 2% compared to the preceding six months, and are likely to remain *"broadly similar"* in H2. It transpires that ComputerLand, in

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common with other support services players, is finding its traditional hardware maintenance activities under continued margin and price pressure. On an annualised basis, hardware maintenance revenues are down c£1m.

But Gilbert remains optimistic about the future, pointing to "*significant new wins*" in network infrastructure support, and a projects order book at record levels. Growth in the higher value add services has led to an improvement in pre-tax profit margins from 2.8% to 3.5% - not at all bad for a company that derives 30% of revenues from services. *(Heather Brice)*

-10%
66p

SYNSTAR SEES PROFITS RISE

Support services player, **Synstar** has announced year-end results for the period ended 30th Sep. 03. Turnover has increased marginally to £223.0m. Excluding the company's French business, which it expects to dispose of shortly, revenue was up c2% to £206.6m, but at constant currency rates continuing operations dipped slightly from £208.2m. Total operating profit is up 6% to £8.5m while PBT is up 33% to £8.7m. Basic EPS has increased 50% to 3.6p. Synstar also announced the payment of a maiden dividend of 0.5p.

Synstar plc FYE: 30th September	Operating Profit £m			Margin	
	2003	2002	Change	2003	2002
UK	13.8	9.5	45.0%	9.4%	6.7%
France	-3.3	-0.9	Losses both	n/a	n/a
Rest of Europe	1.0	2.5	-60.0%	4.2%	9.3%
Rest of Europe discontinued	0.0	-0.1	n/a	n/a	n/a
Central expenditure	-2.9	-2.9	-0.1%		
TOTAL	**8.5**	**8.0**	**6.3%**	**3.8%**	**3.6%**

John Leighfield, Chairman said: *"There has been a recent acceleration of the pressure on margins in our traditional maintenance business but the strategy of offering integrated Managed Services to large companies is producing significant contracts with long-term revenue streams at good margins."*

Comment: Synstar delivered a strong set of results. This is a business that is being run for profits and cash, and the performance on both counts was excellent. The 33% increase in PBT led to an improvement in pre-tax margins from 2.9% in FY02 to 3.9%. Meanwhile cash generation during the year was up 17% to £9.8m, and the net cash balance as at 30th Sep. was £26.9m (02: £16.4m). With no goodwill on the books, no debt, and an order book up 56% on FY02 "*the balance sheet has never looked stronger*".

This is just as well, as Synstar is faced with some intractable problems. The first – France – is soon to be "*fixed*". Synstar has revealed that they are in advanced negotiations to sell the business to the local interim management team. We have commented before that Synstar cannot simply walk away from the French market, as it has some key pan-European clients including **Galileo**, **CSC** and **Fujitsu**. So the deal, much like the exit strategy in Italy (in FY01) and Switzerland (in FY02) sees Synstar retaining the French operation as a local delivery partner. We expect to see a loss on disposal reported in H1 04.

This leaves Synstar with overseas operations in Belgium, Germany, Holland and Spain. Performance across these territories was mixed: Belgium moved into the black, and profits in the Dutch business also improved. However, profits in Spain halved, and Germany tumbled from an operating profit of £1.4m in FY02 to a loss of £0.3m. We understand that the underlying business is sound, but new names sales in Germany were disappointing. Mike Ettling, MD of UK and Ireland, has been tasked with turning things round.

A longer-term issue facing Synstar is price pressure and margin erosion in its traditional maintenance business. Steve Vaughan, CE (never one to let the grass grow under his feet) announced that they are to accelerate the development of their multi-service line managed services offering (i.e. deals of significant scale, contract length and commercial complexity, encompassing a range of activities such as maintenance, call handling, desktop and network management, and ongoing service delivery).

The company has notched up some good managed services wins during the year but the pace is to be stepped up otherwise "*the maintenance margin will decline faster than the managed services will increase*". A natural place to start is with up-selling the existing maintenance-only customers to a managed service.

Coupled with this, Synstar is going to reduce the contribution by certain areas of its 'legacy' business (such as small scale maintenance of PCs) which it envisages will come under the same price and margin pressure as maintenance. In some cases this may mean disposal, in others partnering. These initiatives are expected to cost c£5m in the current year.

Synstar's progress over the last three years, and its profits growth, have *not* been driven by revenue growth. The next three years look different, with the focus on top line growth led by managed services. But, as we would expect from Synstar, this will not be at the expense of margins. £5m is a significant sum to commit, but it should lead to a better, long term profit stream – given the management's track record, we do not doubt this.

(Heather Brice)

CSC ANNOUNCES RAFT OF CONTRACT WINS

Following a Q2 results announcement in Nov. 03, which highlighted excellent organic growth, the last month of 2003 brought more good news for CSC:

- The £973m **NHS NPfIT LSP contract for the North West and West Midlands.** CSC fought a resolute IBM, as well as BT and Fujitsu to the prize. The principal CSC alliance members include Hedra, a public sector change management specialist; iSOFT, whose application suite forms the core of the alliance's software solution; and SCC, who will provide both infrastructure and desktop management services.

- The next stage of the tendering process for the **MoD's DII (Future) contract.** The CSC-led Radii consortium was one of the three consortia progressed by the MoD to the next stage of the bidding progress for its infrastructure services contract.

- Infrastructure outsourcing agreement with **National Grid Transco.** The deal is valued at c$470m over seven years. CSC will manage and support the company's mainframe, application server, desktop, help desk and telecommunications services in the UK. It will also undertake an infrastructure transformation program *"to establish and sustain market delivery at market-leading standards"*.

- Expansion of IT outsourcing contract with **United Technologies Corporation** worth $212m: The scope of CSC' IT outsourcing agreement has been expanded to include provision of services to the client's operations in France, Belgium, Italy, the Netherlands, Switzerland and the UK. The contract will run to Dec. 2014 and now has a total value of more than $4.2bn over fifteen years.

- IT outsourcing deal with **SAS Group** worth c$1.5bn: The contract with the Scandinavian airline and travel Group will run for five years (with a two-year option and two additional one-year options). CSC will provide IT consulting, systems integration, application development and maintenance and IT infrastructure services. As part of the transaction CSC will acquire Scandinavian IT Group (SIG), a subsidiary of SAS Group with 1,200 employees providing IT solutions to the international airline industry. The acquisition is expected to complete by 30th Jan. 04 with the outsourcing agreement becoming effective 1st Feb. 04.

Comment: We can just picture the happy faces down the road at Aldershot's Royal Pavilion! What a way to finish the year.

In the UK, the National Grid Transco and the United Technologies Corporation deals will sit alongside IT outsourcing deals won with Marconi and Royal Mail back in May 03. And the NHS contract represents a significant achievement for CSC, having made little impression in the UK public sector up 'til now.

The additional turnover from these contracts is likely to result in double-digit growth for the UK business. As such we're pretty sure CSC is set to rise up our UK S/ITS rankings. *(Georgina O'Toole)*

THE TIMES THEY ARE A'CHANGING

There probably hasn't before been a month when the landscape of the UK IT services sector has seen as much change as December 2003. The NpfIT and Aspire contracts (below), plus other contracts announced in December on Hotnews, add up to getting on for £10b.

NPfIT

December saw the long-awaited award of the first four local service provider (LSP) contracts under the National Programme for IT in the NHS and the selection of a national application service provider (NASP) to run the NHS National Care Record Service or 'data spine':

A consortium led by **BT** was awarded the £620m/10-yr NASP contract to set up and run the national NHS Care Records Service. They beat **IBM** in this contract. As NASP, the BT consortium will design, deliver and manage the national patient record database and transactional messaging service. BT is the prime contractor and will deliver and operate the service through its SI subsidiary **Syntegra**. The other members of the consortium are **Oracle, Sun Microsystems,** offshorer **Mastek** and **LogicaCMG.** LogicaCMG will be developing the core database application to store and update national patient records. Its share of the spoils is expected to be in excess of £100m.

·An **Accenture**-led consortium beat **Cerner** to the £1099m/10-yr North East-region AND beat **CGEY, Plexys (EDS/**LogicaCMG) and, for a second time, Cerner to the £934m/10 yr Eastern England LSP contract. The winning consortiums both include **Siemens, Microsoft** and **Avande,** and use iSoft's application.

- A CSC-led consortium beat BT, Fujitsu and IBM to the £973m/10 yr North West and West Midlands. The CSC consortium includes **Hedra, iSoft** application software and **Specialist Computer Centres(SCC)** providing both the infrastructure and desktop services.

- A BT-led consortium also won the prestigious London-region LSP contract at the expense of a consortium primed by IBM. We

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understand BT is working with **Perot Systems** and US-based application provider **IDX** on the £996m/10-yr contract.

The one remaining LSP contract, for the South, will be awarded in January so it's a nail-biting time for Fujitsu, Sema (Atos Origin) and PlexusCare (EDS/LogicaCMG). Richard Granger, DG at NpfIT (pictured) is not happy with their bids and has threatened to bring in other competitors if they don't improve them quickly.

Comment: There are huge winners and losers here. We get the feeling that even BT was surprised to be awarded not one, but two major contracts to Syntegra-led consortia. Indeed, it got even better as BT Global Solutions was also a major partner (supplying managed network services) in the Accenture consortium.

Together this will add at least £150m to BT's UK IT services revenues in a full year (£50m in BT's current financial year alone). This, on our reckoning with other recent wins like being a major subcontractor for WAN and Voice Support services at Aspire (below), will put BT close to the £1b pa UK IT services category and boost their position in our rankings by a couple of places (BT was 8th in 2003) once the revenues flow through.

£150m+ is getting on for 1% of BT's total revenues and provides a much needed boost at a time when their core revenues from fixed line voice are under attack like never before. This must be some relief to CEO Ben Verwaayen who has come under increased pressure since promising 6+% annual growth when he became CEO. He has failed to deliver on that promise to date.

Indeed, we suspect that these wins will put the spotlight on BT's IT services operations at last. At the very least, maybe their IT services bits will operate as one soon; something we have advised so many times and for so long that readers might be becoming bored. But BT might actually use this as the impetus to do some really serious expansion in this area…maybe some acquisitions. That would have been difficult to sell to shareholders before. But these wins have changed that.

On the other hand, these are big meals for BT to digest. Winning the contracts, after agreeing to "keen" pricing, is one thing. Completing them to time and budget (thus not incurring Granger's penalties) AND making a profit…is quite another.

Accenture won two of its bids, worth over £2b. It also had the satisfaction of winning against IBM for a £450m contract at Barclays. Despite continued uncertainty over its merger with Torex, iSoft's application was selected in several of the NpfIT bids

At the other end of the scale there must be huge disappointment, particularly at the **IBM** and **Cerner** camps. IBM has lost out on three contracts worth around £2.6b - the data spine, the London and NW LSP contracts. IBM was also not on the shortlist for the mega MoD IT project and lost out to Accenture at Barclays on a £450m outsourcing deal. Much wailing at Bedfont Lakes, we are sure.

Cerner has also lost out three times - as the prime contractor on the North East-bid and as a member of IBM's consortium on the London and Eastern bids. Although Cerner got the smallest of consolation prizes; winning the £64.5m/6yr e-booking contract with Sema.

And of course **EDS....**

Aspire

December saw **Cap Gemini Ernst & Young (CGE&Y) + Fujitsu Services (FS)** confirmed as the preferred bidder for the **Inland Revenue Aspire** contract. The contract is worth c£3b over 10 years and is not only the biggest UK outsourcing contract in history but the biggest outsourcing contract ever to change suplier. This is a major blow to incumbents **EDS** and **Accenture** who have run the project for the last 10 years. 2,250 of their employees will transfer to CGE&Y and a further 900 to FS. We reckon about a third of the contract value will go to FS (to provide the data centre/infrastructure services) and **BT Global Solutions** (to manage the WAN and voice support services).

Comment: Again, this contract should boost CGE&Y's annual UK S/ITS revenues close to £1b and should ensure that FS stays well above the £1b level too – despite recent revenue declines in their successful quest to become profitable.

For EDS the month has been a disaster what with losing Aspire And failing to win any NHS contracts…yet. We suspect this will have wide-ranging effects on EDS; particularly at the top. You just can't see 10%+ of your revenues go without it hurting. And the mood at IBM (who lost out on the NHS contracts they looked favorites to win) can't be much better.

US megaliths IBM and EDS currently (and for as long as we can remember) head our UK S/ITS rankings and have been the normal winners of any big UK outsourcing deals going. Interesting therefore that neither of these got a share of the December mega deals. With rumours that CSC might not have the US IRS contract forever, the change of supplier at Aspire in the UK the month has shown that "what the good customer hath giveth, he can also taketh away!" Also, for the first time we can remember, many of this month's mega winners are non-US.

This article started with Bob Dylan's *"The times they are a' changing"*. Another line from the same song is *"The first ones now will later be last."* *Could this be the long awaited start of a new order?* (Richard Holway and Tola Sargeant)

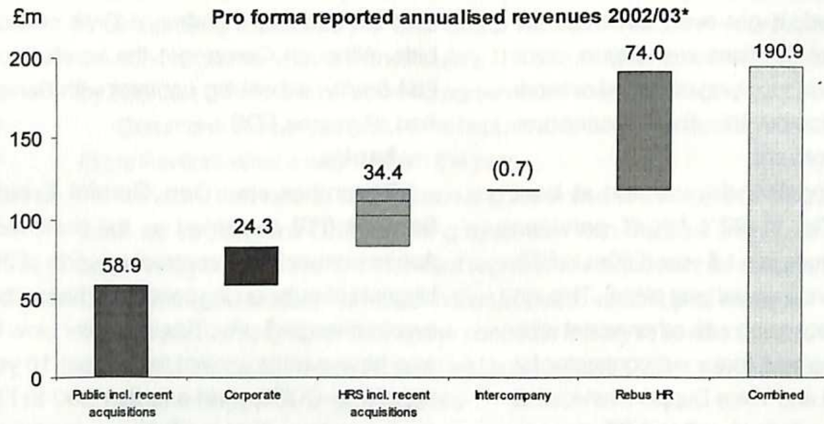
13% 58p northgate INFORMATION SOLUTIONS

NORTHGATE EXPANDS HR BUSINESS THROUGH ACQUISITION

Northgate Information Solutions, supplier of software and outsourcing solutions to the public sector, HR and corporate markets, has announced results for the six months to 31st Oct. 03, as well as the reverse takeover of RebusHR.

Group turnover increased by 21.7% to £50.6m, with turnover from continuing operations up by 8.7%. The acquisitions of **Cara Payroll Group, Blue8 Technologies and Hays Consulting & Solutions Group** during the six months added £7.4m of revenues. In addition, the acquisition of Prolog Business Solutions in the previous financial year added c£1.5m of revenues.

Restructuring and a focus on driving down costs have resulted in operating profit before goodwill amortisation and exceptionals more than doubling to £2.4m (pushing operating margins at this level from 2.9% to 4.7%). However, goodwill amortisation of £1.4m (2002: £46K) and exceptional items of £523K (2002: £281K) resulted in a decline in operating profit for the continuing businesses of 43% to £470K. Group operating profit (i.e. including discontinued operations) was down by a third. PBT is £402K compared to £29.8m this time last year (of which £28.1m was profit on the sale of the health business, without which PBT was £1.7m). Diluted EPS, previously 8.99p is now 0.10p.



* For illustrative purposes only
Results: Northgate April 03, Carapeople Dec 02, PWA June 03, Rebus HR March 03 (in accordance with Northgate's accounting policies)
Source: Northgate Information Solutions

Across the business, the performance from continuing operations was as follows:

- **Public sector:** Organically revenue was up 4.9% to £20.5m. Acquisitions added another £4.2m resulting in total revenue growth of 26% to £24.6m. Excluding the effect of acquisitions, operating profit was up 17% to £1.4m. Acquisitions added another £239K of profit.

- **HR Systems:** Organically revenue was up 30% to £10.6m. Acquisitions added another £3.3m resulting in total revenue growth of 70% to £13.9m. Excluding the effect of acquisitions, operating profit was up 57% to £1.2m. Acquisitions added another £259K of profit.

- **Corporate sector:** Growth was negligible resulting in turnover of £12.0m. Operating profit was up by 9% to £699m.

Commenting on the outlook, Chairman Nick Irens said: *"These are excellent results, showing progress both organically and from our recent acquisitions. We are focussed on market segments that offer good growth prospects and continue to pursue the creation of value for our shareholders."*

Comment: This set of results represents good progress for Northgate, particularly in its core HR, local government and criminal justice businesses. In local government, the Group appears to be gaining market share having signed up ten new clients for its Front Office solution. Another client has signed since the year-end and it has also achieved preferred supplier status with eight other authorities.

Chris Stone, Chief Executive, claims that of the last 30 e-government contracts let, Northgate has won 20, with others snapped up by a variety of players including Anite, Capita and Steria.

Progress is also being made in criminal justice. For example, it has undertaken 14 implementations of its Penalty Notice for Disorder software as part of the Home Office trial. In HR Systems, Northgate signed 27 new clients over the period and states that the *"pipeline has never been better"*.

So that just leaves the Corporate business. Interestingly Stone stated that it continues to be profitable and cash generative, however, it is not expected to be an important growth generator going forward. Sensibly, in our opinion, the focus will be on the expanding markets of HR, criminal justice and local government. And while the corporate business remains a 'cash cow' we see no problem in continuing to milk it.

The acquisition

On 17th Dec. 03 Northgate exercised its option to acquire Rebus HR Group. The rationale behind the take-over is to combine

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the two companies' software, staff and customer base to gain scale, a stronger positioning and a broader customer base in the HR software and services market.

The acquisition (and associated share placing) are now conditional upon EGM approval (meeting scheduled for 12th Jan. 04) and OFT approval. The deal is expected to complete in early Feb. 04.

The deal

- The aggregate consideration for the acquisition is approximately £150m. This will be satisfied by the payment of c£38m in cash (which includes the £5m cost of the option), the issue of 115.7m new Northgate shares to the vendors (valued at £59.9m), and the assumption or repayment of debt totalling £55m.

- Due to the size of Rebus relative to Northgate historically, the proposed acquisition is classified as a reverse take-over.

- The cash component of the consideration will be satisfied by the placing of 92m new Northgate shares at a price of 48p per share.

Rebus HR

- Rebus is one of the UK's leading providers of HR and payroll solutions, offering software and outsourcing services to public and private sector clients. In its last financial year Rebus generated £74m of revenues - £39m of this was from software and £35m from services. In the software business, just £5m of turnover is from new licence sales, the remainder is recurring. In the services business, just £8m of revenues is non-recurring i.e. implementation, consulting, training. The remainder is from the payroll processing business.

- Top line revenue growth has been in the low single digits over the last three years. However, the payroll processing business has grown between 12% and 15% over that period, the maintenance revenue stream has been stable, while sales of new software have declined.

- In FY02/03 the EBITA margin was 14.1%. 88% of gross profit is generated from recurring revenues.

- RebusHR has just lost its biggest customer – the Department of Work & Pensions. The contract was worth £6.2m a year in software maintenance and payroll processing revenues. The contract formally terminates half way through the next financial year. DWP taking the service back in-house in order to combine the payroll processes of the DSS and the Employment Service. It is expected to outsource in a couple of years once these have been integrated.

- Revenue growth in the FY03/04 is expected to be flat.

The combined company

- With the addition of RebusHR, Northgate will generate approximately £200m of revenues annually – pushing the company into the Top 30 of software and services suppliers to the UK market.

- The acquisition will make Northgate the third largest provider of payroll processing services to the UK market behind Ceridien and ADP.

- Northgate expects the acquisition to generate c£11m of cost savings with not less than £8m in the first full financial year. An exceptional cost of c£5m (for delivering these savings) will be realised in the current financial year.

- Northgate believes that it will be able to sell its ResourceLink software into established RebusHR customer base as they will "*complement and improve*" RebusHR's product offering. RebusHR will take the lead in the services (payroll processing) business.

The existing Northgate Board will be joined by an additional non-executive director to be nominated by General Atlantic Partners.

Comment: This acquisition fits with Northgate's strategy of being a leading provider of software and services in the local government, criminal justice and HR services markets. It also complements our belief that there'll be continuing consolidation in the BPO market of players in horizontal niches.

In HR services Northgate has already undertaken the acquisitions of Carapeople and Prolog Business Solutions. The difference here is the size of the integration challenge. Carapeople and Prolog Business Solutions had revenues of £12.6m combined, less than 20% of Rebus HR's total revenues. While Northgate has a good track record in integrating acquisitions, there is always the possibility that it could have bitten off more than it can chew. Sensibly the focus once this deal goes through will be on driving value out of the combined businesses. Nonetheless, Northgate does not rule out further "*similar*" acquisitions in the public sector business (or indeed, in the HR business) in the future. This is one company on a mission. *(Georgina O'Toole)*

IntroNet

INTRONET SEES OPPORTUNITY TO GROW

We recently met Tobias Read, CEO of **IntroNet**, a small UK-based ASP specialising in Applicant Tracking Systems (ATS) that enable enterprises to manage their recruitment and internal staff relocation processes more efficiently.

With an annual turnover of c£3m, IntroNet is small, private, self-funded and, most importantly, profitable – it expects to generate £350K in cash in the year to Mar. 04 and has secure recurring revenues until end 2004.

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Founded in 1996, IntroNet targets Global 2000 companies with a multi-domestic footprint (with a particular focus on non-US firms), large UK domestic companies and the British Government. Its biggest customer is **IBM**, which accounted for c65% of revenues in the last fiscal year. Other customers include LogicaCMG, Philip Morris, CSC, Marconi and the DTI. IntroNet's system is also used by the c550 external recruitment agencies that send CVs to IntroNet's customers.

Read is understandably uncomfortable about being so reliant on one customer and has ambitious plans to grow the business so that IBM's contribution is more like 20% of revenues. He believes the market for ATS is relatively under-invested and that there is "*significant latent opportunity*".

But the Edinburgh-based company faces some stiff challenges in the fragmented and competitive ATS market. Perhaps the biggest immediate threat is US software players like Brass Ring, PeopleClick and RecruitSoft - they are looking to move into Europe and have been pricing very competitively in the US in order to take market share. IntroNet also has an eye on ERP vendors such as **Oracle, SAP** and **PeopleSoft** that are playing catch-up in the ATS space.

However Read, who joined IntroNet in Jan. 03, is realistic about the obstacles in IntroNet's path and is determined to overcome them. Innovation and adding value to the service will be key to keeping ahead of the competition and, to that end, Read is considering seeking external investment for the first time in the company's history.

In the long run, however, we wouldn't be surprised to see IntroNet get snapped up - perhaps by a US competitor looking to expand into Europe through acquisition, or an HR outsourcing player wanting to add another string to its bow. *(Tola Sargeant)*

-7%
85p

xansa

XANSA WITHDRAWS FROM CONTINENTAL EUROPE AND ASIA-PAC

Xansa has announced its results for the six months ended 31st Oct. 03. The company's performance is in line with expectations with total turnover falling 3% on the comparable period last year to £225.7m. Operating profit is down 7% to £14.5m before the distribution of shares from the trusts, exceptional items and goodwill amortisation. Factoring in these costs, including a £13m contract settlement, the company made a loss before tax of £13.5m - a marked improvement on last year's loss of £140.7m, which included a goodwill impairment charge of £144.4m. Loss per share has reduced from 51p to 5.12p.

In the UK, revenues were up marginally to £210m with turnover from BPO activities increasing to £34.1m. In contrast, the Asia Pacific operation, which is being scaled back, saw losses increase and revenues decline 56% to £1.1m. The company is exiting its continental Europe business, which saw revenues decline 13% to £2.7m. And in the US, turnover slumped 38% to £11.9m.

Xansa also announced that Bill Alexander (Group CE of Thames Water) was to join the Board as non-executive Chairman.

The company's CE, Alastair Cox, said: "*Our outlook remains consistent with the views we have expressed over the last 12 months. Corporate IT budgets remain constrained in all our markets and we do not anticipate any sustained upturn in expenditure until clients have greater visibility over their own performance during 2004. We anticipate revenues will decline somewhat in the second half as specific contracts complete in the UK and US. However we expect the underlying revenues from our core UK clients, excluding FBS, the joint venture with HBOS, to remain broadly flat*."

Comment: There are a few key points to pick up:

- Profitability: The top line operating profit is noteworthy - particularly considering the raft of cost cutting actions Xansa took in its last financial year i.e. a reduction in staff numbers of 502 to 5,583 producing annualised savings of £27.1m. Even before goodwill, exceptionals etc., profit margins were down year-on-year. However, it's good to report that sequentially (compared to H203) things have started to improve with operating margins slowly moving upwards from 5.9% to 6.7%.

- Withdrawal from Continental Europe (CE) & Asia Pacific (AP): In our minds this makes perfect sense. For a start, with revenues of just £2.7m and £1.1m respectively, the attainment of anything resembling critical mass was hard to imagine. Not only that, but both geographies were loss making. We also agree with the main logic behind the decision i.e. that neither region is yet ready for large-scale outsourcing of IT or business processes. Xansa will retain support capability in CE and AP for clients requiring multi-country implementations. Exiting from these geographies is likely to result in an exceptional cost of c£3-4m in this financial year.

- Increased use of Indian operations: Xansa's India operations are now an

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integral part of its UK operations. Resources increased by 36% over the half-year so that there are now 1,426 employees based in India (almost a quarter of the total workforce). This number is set to double over the year as a whole. The majority of these employees are undertaking IT services work with c350-400 employees involved in BPO. We are likely to see an increasing proportion working in BPO (mainly involving back-office functions). We have often applauded Xansa for its 'speed off the block' in terms of establishing an offshore capability andmore importantly an onshore-offshore delivery model.

- Order bank: The value of the order bank at £481m is down significantly compared to £625m at the end of H103 and £569m at the end of FY03. This value reflects the minimum committed value of contracts. For example, while the company's Royal Mail contract is valued at £1.5bn over ten years, only £52m (over five years) is included in the order bank representing the guaranteed element of the contract. So while the decline in the order bank is undoubtedly affected by the economic climate, it also highlights the effect that the increasing flexibility demanded by clients can have on the visibility of suppliers' revenues. In addition, as contracts become increasingly complex, they also take longer to 'sign and seal'.

All in all, Xansa is continuing to find the market tough. Its future prosperity will rely primarily on its ability to compete and win in the IT outsourcing and BPO markets. Currently its predominant BPO relationship is with BT. However it has 10 BPO pilots underway with different organisations. Xansa's belief is that by undertaking a 'proof of concept' phase (lasting from several months to a year) it will have an easier time engaging clients - evidence that despite significant growth forecast for the BPO market, competition is fierce. Xansa, like its competitors, is fighting hard to win lucrative contracts.

(Georgina O'Toole)

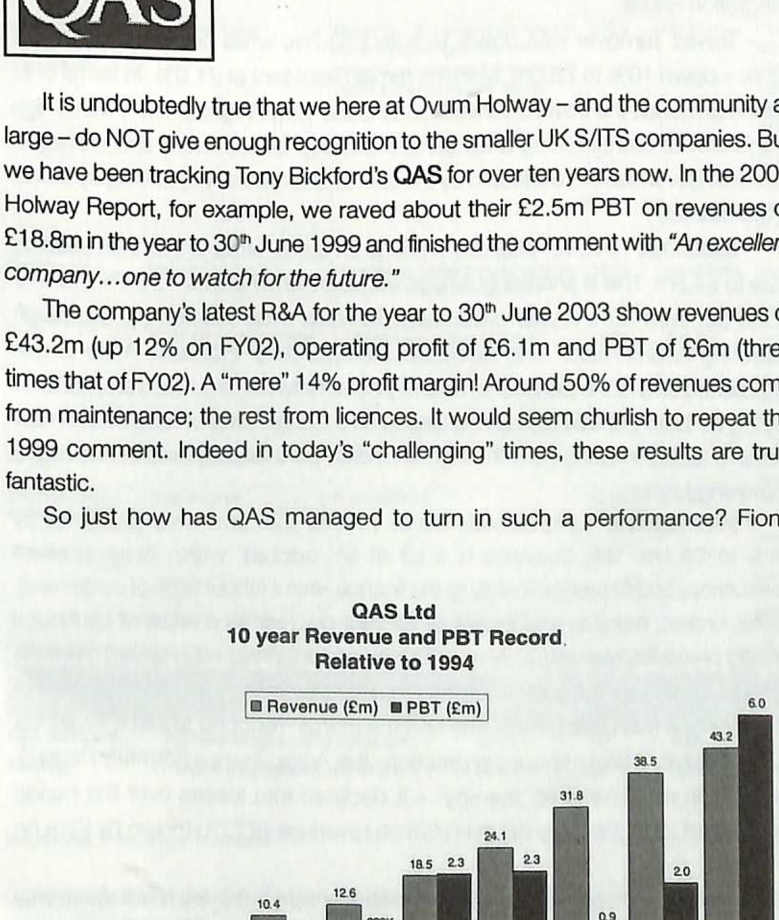
QAS SHOWS HOW TO DO IT

It is undoubtedly true that we here at Ovum Holway – and the community at large – do NOT give enough recognition to the smaller UK S/ITS companies. But we have been tracking Tony Bickford's **QAS** for over ten years now. In the 2000 Holway Report, for example, we raved about their £2.5m PBT on revenues of £18.8m in the year to 30th June 1999 and finished the comment with *"An excellent company…one to watch for the future."*

The company's latest R&A for the year to 30th June 2003 show revenues of £43.2m (up 12% on FY02), operating profit of £6.1m and PBT of £6m (three times that of FY02). A "mere" 14% profit margin! Around 50% of revenues come from maintenance; the rest from licences. It would seem churlish to repeat the 1999 comment. Indeed in today's "challenging" times, these results are truly fantastic.

So just how has QAS managed to turn in such a performance? Fiona Stancombe, the company's FD explained that one of QAS' success factors has been its determination to grow revenues without growing expenses. She said: *"In the UK we've really carefully managed expenses. Our sales people have become more efficient and we've streamlined other processes. For instance, our finance department is the same size now that it was three years ago yet we're turning over much more."*

QAS Ltd
10 year Revenue and PBT Record
Relative to 1994



QAS is the UK's market leader in the supply of address management systems via its range of QuickAddress software. The main use is in call centres. Indeed if you have ever been asked, *"What's your postcode?"* and then been told your address, QAS software was probably used. Their 8500 clients include many household names, such as O2 and Orange. EDS, CGE&Y, Accenture and other S/ITS companies are named as partners.

The bulk (£39m) of QAS'

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revenues are made in the UK, which recorded an 8% revenue growth. But QAS is now moving abroad with overseas offices in Amsterdam, Sydney, Melbourne, Perth, Boston and San Francisco. Indeed, in the last year the most significant investment was in its US operations, which grew revenues by 176% to £1.4m. It'll be a couple of years before it reaches profitability, though. Australia has been up and going for some time and delivered a 47% revenue growth to c£2m and became profitable. QAS replicated its successful UK sales model over there and is now doing the same in the US. European activities are in a formative stage.

QAS has an impressive balance sheet too. Net assets of £7m include £9.2m cash at bank and £10m of freehold property related assets. It remains a privately owned company with Bickford holding 60% of the equity. A 26p per share dividend was recommended (up from 6.5p the previous year). But, with this kind of performance, we wonder how long they will stay private. Stancombe, though, is clear: "We're a small software company generating easily enough funds already - we don't need the money or the hassle being a public company would bring!"

As for next year, we can expect much of the same: QAS will focus on retaining customers and winning new ones efficiently because, as Stancombe says: *"The last customers are the hardest to get." (Richard Holway and Kate Hanaghan)*

3%
51p
Anite

ANITE GETTING INTO SHAPE BUT STILL SOME WAY TO GO

IT solutions and services company, **Anite** has announced its results for the six months to 31st Oct. 03. Total turnover is down 14% to £95.6m. Turnover from the ongoing businesses is down 10% to £95.5m. At the operating level, before goodwill and exceptional items the operating profit was £7.5m for the ongoing businesses – down from £11.9m in H103. The total operating loss £789K. Exceptional items were primarily related to redundancy and restructuring. At the pre-tax level losses declined from £43.4m to £14.2m. Before goodwill amortisation and exceptional items, the ongoing businesses reported a pre-tax profit of £6.5m – down 40%. The bottom line was a loss per share of 4.4p compared to 14.0p in H103.

Anite's results need to be studied in more detail to really understand what's going on. There are four reporting lines (figures relate to the ongoing businesses):

- **Public sector:** Turnover was down 8% to £33.5m and an operating profit of £1.4m was converted to a loss of £2.2m. This is the business where most of the clean up is focused, particularly in the local government sector. While a market leader in several areas such as social care solutions, the six public sector businesses still aren't working together closely enough and are undoubtedly missing out on opportunities as a result. Profitability continues to be held back by a high level of development spending particularly on Pericles (the revenue and benefits product), as well as other legacy contract and integration issues.

- **Travel:** Turnover was down 15% to £13.7m, while profit fell by a lesser figure – down 10% to £3.0m. Margins remain excellent at 21.9%. In terms of its business model, the travel business remains the 'jewel in the crown', with a high proportion of clients taking a full service offering, i.e. software and managed services. Revenues were affected by the lack of discretionary spending by clients in this market.

- **Telecoms:** Turnover was down 6% to £18.4m, while profits increased by 15% to £4.5m. This is another business with excellent margins – 24.4% this time round (up from 20% a year previously). Turnover was affected by *"the tough operating environment"* and delays in 3G spending. However Anite is well established as a niche provider of mobile phone network simulation and handset testing for both 2G and 3G so has displayed a certain level of resilience. A new offshore facility in Bangalore through an Indian partner could result in margins improving further.

- **International:** Turnover was down 12% to £29.9m, while profits fell by 38% to £3.1m. This business is a bit of an 'oddball' within Anite. It offers consultancy and SI predominantly to the finance sector (about 60% of customers). Sales, orders, margins and profits all fell year-on-year as a result of continued pricing pressure, over capacity and *"limited opportunities in European markets, particularly for Anite Benelux"*. Anite Benelux struggled more than the rest of the business (with falling revenues and the margin reduced to just 2%), as it is fundamentally a body-shopping practice. It is Anite Finance (formerly Parsec), which is in most need of 'therapy' – it declined into losses over the period (compared to £1.5m of profit in H103) on revenues of £7m (down by £2m on H103).

Overall, Anite continues to get into better shape but there is still some way to go, as its new CE, Steve Rowley, would readily admit. The problem is that the businesses that are in the best shape – telecoms and travel – are operating in the toughest markets. While the public sector business – which has the

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Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
BT	Principal UK operations of NSB Retail Systems	NSB's UK business provides software and SI - including POS systems and business planning and optimisation tools - to UK retailers.	100%	£17.0m	NSB's customers include Arcadia, BHS and WH Smith. In the six months to 30th Jun. 03 the UK business generated revenues of £11.0m and EBIT of £3.3m. It had net assets of £1.7m as at end-June. After the acquisition, which is subject to shareholder approval, the NSB business will be part of a new BT business unit called BT Expedite. 148 NSB employees will transfer. BT will also become NSB's exclusive distributor in the UK & Ireland, and non-exclusive distributor in other EMEA territories
Compel Group plc	Syscap Computer Rentals plc (SCR) from Syscap plc	Short term IT rental, primarily Sun and HP kit	100%	c£2.6m	SCR's turnover in the year to Mar. 03 was £7.5m and, although it was loss making in FY03 (£1.7m pre goodwill), it is now at breakeven (at the OP level). Compel is acquiring the assets of the business at a 20% discount to their net value and 'the business' for £1, so no goodwill will result from the deal. This move strengthens Compel's presence in a market where the size and breadth of the rental fleet are key to customers. It also enlarges its customer base.
Dicom Group plc	Perdata S.A.	Spanish provider of electronic data capture products and services	100%	£0.5m	The transaction extends Dicom's services coverage and capabilities in the Spanish market. Perdata, previously a competitor to Dicom, had sales of Eur1.6m in 2002.
Ewycksgroep	Xansa's Belgian and Dutch activities	Operations in Belgium and the Netherlands	100%	n/a	This disposal is in line with Xansa's strategy of withdrawing from Continental Europe. Ewycksgroep is a private Dutch company, employing 1000 staff in the Netherlands, Belgium and Germany.
Jefferies & Co	Broadview	M&A specialists	100%	n/a	Jefferies is a *"full-service investment banking"* firm based on Wall Street with revs of c$820m. They are in the Top Five traders of NASDAQ stocks and have raised in excess of $25bn for clients already in 2003. Their equity research covers over 500 companies. All the MDs at Broadview stay in place with *"strong economic incentives for superior future performance"*.
Kewill	Tradepoint	US-based provider of trade facilitation software	100%	c£7.0m	TradePoint employs 100 people – mostly in the US – and has been operating for 30 years. It has 650 customers in the US and Europe. Having returned to profit in H1 04, this acquisition shows Kewill has now put the focus firmly on growing market share.
Netstore plc	EMS Global Holdings Ltd (EMS)	Internet Security	100%	max £0.8m	Netstore acquired the sales contracts and infrastructure assets of EMS in the UK. In the year to 31st Mar. 03, the managed services business turned over £0.5m and made net losses of £1m. But it has c£2.5m of turnover under contract with an annual value of c£1m. Netstore expects the acquisition to be profitable *"after a brief period of reorganisation"* and earnings enhancing in the first 12 months.
Northgate Information Solutions plc	Rebus HR Group	One of the UK's leading providers of HR and payroll solutions, offering software and outsourcing services to public and private sector clients	100%	c£150m	The consideration comprises c£38m cash (to be raised by placing 92m shares), the issue of 115.7m shares and assumption/repayment of £55m debt. Due to the relative size of the two companies, the transaction is classified as a reverse takeover (Rebus turned over c£74m in the year to 31st Mar. 03, whilst Northgate turned over £85m to Apr. 03, of which the HR Solutions division generated just shy of £19m). The rationale makes sense: combine the two companies' s/w, staff and customer base to gain scale, a stronger positioning in the HR s/w and services market. c£11m of cost savings are anticipated as a result of synergies in operations, sales & marketing and back office functions. Some redundancies (and related one-off costs of c£5m) are anticipated in the current FY.
Quantica plc	Mansel Training	Manchester-based provider of work-based training to young people	100%	max £295K	In the year to 31st Mar. 03, Mansel made an OP of £105K and had net assets of £37K. Mansell complements Quantica's training division and will enable it to expand its operations in Manchester.
Sage	ACCPAC from Computer Associates	CRM and accounting software provider to SME's	100%	£62.5m	ACCPAC boasts a *"market-leading position in Canada"*. In addition to >140,000 larger SME customers in the US, Canada, South Africa, Australia and Singapore, ACCPAC has 400,00 small SME customers in Canada. For the financial year-end to Mar. 03 ACCPAC had revenues of £50.4m and turned in an operating profit of £5.9m. This acquisition will bolster Sage's North American presence.
Systems Union	Foundation Systems	VAR	100%	£2.5m	Foundation Systems, which has offerings based on System Union's SunSystems product, will operate as a subsidiary.
Unnamed Dutch software company	Anite Benelux	IT consultancy	100%	£1.05m	The total consideration comprises £840K payable on completion and £210K in 12 months time. Prior to completion, Anite Benelux will pay a dividend of £1.2m to its immediate parent company (an Anite subsidiary company). Anite Benelux is a low margin, low value-add business, operating in a tough environment. We expect to see Anite making further divestments of "peripheral" businesses, as it seeks to refine the business and protect its margins.

Recent IPOs

Name	Activity	S/ITS or Dotcom	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Dec 03	Premium/ Discount
CES Software	P2P exchange betting software	S/ITS	SP	AIM	68p	£13.3m	4-Dec-03	74p	8%
Pixology	Digital photographic software	S/ITS	SP	AIM	140p	£28.0m	8-Dec-03	143	2%

[continued from page fourteen]

opportunity to make significant strides – is distracted by resolving legacy integration issues. In addition it is questionable whether the 'International' (consultancy and SI) business really fits with Anite's strategy going forward. The strength of the other vertical-focused business lies in the combination of vertical specific IPR and supporting managed services. Anite should concentrate, as it has said it will, on getting this model to work across all its focus verticals.

(Georgina O'Toole)

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

AFA Systems plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,137,000	£6,013,000	£2,850,000	-9.1%
PBT	-£2,163,000	-£10,638,000	-£1,728,000	Loss both
EPS	-8.50p	-41.90p	-5.00p	Loss both

AIT Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£8,417,000	£17,584,000	£10,031,000	+19.2%
PBT	-£37,809,000	-£41,227,000	£1,030,000	Loss to profit
EPS	-1556.50p	-306.00p	3.59p	Loss both

Alphameric plc

	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£27,373,000	£61,928,000	£27,254,000	-0.4%
PBT	£1,097,000	£2,486,000	-£2,704,000	Profit to loss
EPS	0.20p	0.00p	-2.50p	Profit to loss

Alterian plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£1,807,000	£4,784,000	£1,825,000	+1.0%
PBT	-£4,485,000	-£5,966,000	-£2,449,000	Loss both
EPS	-11.40p	-14.60p	-5.40p	Loss both

Anite Group plc

	Final - Apr 02		Final - Apr 03	Comparison
REV	£202,510,000		£215,336,000	+6.6%
PBT	£5,764,000		-£12,480,000	Profit to loss
EPS	-0.60p		-34.20p	Loss both

Argonaut Games

	Final - Jul 02		Final - Jul 03	Comparison
REV	£14,232,000		£5,317,000	-62.6%
PBT	£2,763,000		-£10,882,000	Profit to loss
EPS	2.87p		-11.20p	Profit to loss

Autonomy Corporation plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun - 03	Comparison
REV	£17,470,000	£33,974,000	£15,469,000	-11.5%
PBT	£3,156,000	£4,345,000	£2,229,000	-29.4%
EPS	2.66p	0.03p	1.24p	-53.4%

Aveva Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£18,462,000	£36,008,000	£18,837,000	+2.3%
PBT	£1,234,000	£5,580,000	£1,363,000	+10.5%
EPS	4.72p	21.24p	5.19p	+10.0%

Axon Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£21,348,000	£43,112,000	£24,618,000	+15.3%
PBT	£1,222,000	£2,480,000	£2,036,000	+66.6%
EPS	1.30p	2.70p	2.40p	+84.6%

Baltimore Technologies plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£22,065,000	£35,000,000	£9,660,000	-56.2%
PBT	-£42,968,000	-£65,300,000	-£8,999,000	Loss both
EPS	-85.10p	-125.20p	-18.80p	Loss both

Bond International Software plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,175,000	£6,399,629	£3,370,000	+6.1%
PBT	-£2,086,000	-£1,972,786	£155,000	Loss to Profit
EPS	-13.71p	-13.79p	0.64p	Loss to Profit

Business Systems Group Holdings plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£14,051,000	£26,475,000	£10,457,000	-25.6%
PBT	-£446,000	-£2,949,000	-£407,000	Loss both
EPS	-0.55p	-3.44p	-0.50p	Loss both

Capita Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£391,222,000	£897,504,000	£531,553,000	+35.9%
PBT	£29,043,000	£78,069,000	£37,364,000	+28.7%
EPS	2.50p	6.81p	3.13p	+25.2%

Charteris Plc

	Final - Jul 02		Final - Jul 03	Comparison
REV	£19,087,000		£12,174,000	-36.2%
PBT	£1,588,000		-£625,000	Profit to loss
EPS	2.50p		-1.26p	Profit to loss

Chelford Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,343,000	£7,298,000	£4,339,000	+29.8%
PBT	-£656,000	-£1,025,000	-£623,000	loss both
EPS	-0.10p	-0.18p	-0.08p	loss both

Clarity Commerce plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£3,399,000	£7,263,000	£4,853,000	+42.8%
PBT	-£429,000	£315,000	£194,000	Loss to Profit
EPS	-3.08p	1.84p	1.12p	Loss to Profit

Clinical Computing plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£1,117,000	£2,391,565	£1,150,000	+3.0%
PBT	-£598,000	-£983,004	-£397,000	Loss both
EPS	-2.40p	-3.80p	-1.60p	Loss both

CMS Webview

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£583,000	£1,206,000	£905,000	+55.2%
PBT	-£345,000	-£683,000	-£118,000	Loss both
EPS	-0.63p	-1.12p	-0.17p	Loss both

CODASciSys plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£33,566,000	£66,378,000	£34,223,000	+2.0%
PBT	£2,869,000	£5,726,000	£1,319,000	-54.0%
EPS	6.90p	18.20p	3.10p	-55.1%

Comino Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£11,803,000	£24,504,000	£11,323,000	-4.1%
PBT	£420,000	£1,209,000	£603,000	+43.6%
EPS	2.00p	8.90p	2.60p	+30.0%

Compel Group plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£68,892,000		£52,880,000	-23.2%
PBT	-£1,691,000		-£407,000	Loss both
EPS	-3.20p		1.30p	Loss to Profit

Computacenter plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£976,958,000	£1,930,135,000	£1,255,599,000	+28.5%
PBT	£24,405,000	£55,081,000	£32,020,000	+31.2%
EPS	8.60p	19.80p	11.60p	+34.9%

Computer Software Group

	Interim - Aug 02	Final - Feb 03	Interim - Aug 03	Comparison
REV	£1,800,000	£3,584,000	£2,533,000	+40.7%
PBT	-£685,000	-£1,399,000	-£632,000	Loss both
EPS	-5.00p	-0.97p	-2.70p	Loss both

Corpora

	Interim - Sep 02	Final - Mar 03	Interim - Sep -03	Comparison
REV	£146,203	£288,581	£150,713	+3.1%
PBT	-£187,842	£431,994	-£678,091	Loss both
EPS	-23.00p	-18.50p	-10.50p	Loss both

DCS Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£37,800,000	£69,800,000	£30,200,000	-20.1%
PBT	-£7,700,000	-£14,200,000	-£4,000,000	Loss both
EPS	-31.72p	-57.14p	-17.18p	Loss both

Delcam plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£9,518,000	£18,913,000	£9,813,000	+3.1%
PBT	£519,000	£1,071,000	£504,000	-2.9%
EPS	6.10p	13.80p	6.40p	+4.9%

Detica Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£17,626,000	£39,198,000	£22,304,000	+26.5%
PBT	£2,847,000	£7,437,000	£3,150,000	+11.0%
EPS	9.30p	24.10p	10.00p	+7.5%

Diagonal plc

	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£33,902,000	£63,618,000	£30,611,000	-9.7%
PBT	£1,607,000	-£2,254,000	£324,000	-79.8%
EPS	0.77p	-4.56p	-0.27p	Profit to loss

Dicom Group plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£149,527,000		£156,432,000	+4.6%
PBT	£3,521,000		£8,801,000	+150.0%
EPS	3.50p		26.00p	+642.9%

Dimension Data plc

	Final - Sep 02		Final - Sep 03	Comparison
REV	£1,489,600,000		£1,288,000,000	-13.5%
PBT	-£1,580,000		-£244,000	Loss both
EPS	-155.60p		-19.18p	Loss both

DRS Data & Research Services plc

	Interim - Jul 02	Final - Dec 02	Interim - Jul 03	Comparison
REV	£6,749,000	£12,782,000	£7,759,000	+15.0%
PBT	£761,000	£1,776,000	£892,000	+17.2%
EPS	1.55p	3.68p	1.87p	+20.6%

Easyscreen plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£1,234,399	£2,654,514	£1,075,001	-12.9%
PBT	-£2,237,521	-£3,397,842	-£1,561,881	Loss both
EPS	-4.30p	-5.60p	-2.70p	Loss both

Eidos plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£128,613,000		£169,048,000	+31.4%
PBT	-£15,290,000		£17,354,000	Loss to profit
EPS	-11.10p		13.70p	Loss to profit

Electronic Data Processing plc

	Final - Sep 02		Final - Sep 03	Comparison
REV	£8,480,000		£8,686,000	+2.4%
PBT	-£1,394,000		£284,000	Loss to profit
EPS	-5.03p		3.97p	Loss to profit

Empire Interactive plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£11,259,000	£25,054,000	£15,710,000	+39.5%
PBT	-£1,515,000	-£1,816,000	£228,000	Loss to profit
EPS	-2.20p	-2.72p	0.34p	Loss to profit

Epic Group plc

	Final - May 02		Final - May 03	Comparison
REV	£7,227,000		£8,750,000	+21.1%
PBT	£835,000		£1,802,000	+115.8%
EPS	3.10p		6.60p	+112.9%

Eurolink Managed Services plc

	Final - Mar 02		Final- Mar 03	Comparison
REV	£9,226,000		£9,152,000	-.8%
PBT	£155,000		£204,000	+31.6%
EPS	0.47p		1.22p	+159.6%

Financial Objects plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£6,780,000	£12,841,000	£5,663,000	-16.5%
PBT	-£1,103,000	-£2,839,000	-£1,175,000	Loss both
EPS	-2.37p	-6.72p	-4.44p	Loss both

Flomerics Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£5,966,000	£11,711,000	£4,881,000	-18.2%
PBT	£110,000	£635,000	-£144,000	Profit to loss
EPS	0.75p	3.23p	-0.98p	Profit to loss

Focus Solutions Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£2,821,000	£6,583,000	£2,581,000	-8.5%
PBT	-£1,834,000	-£3,833,000	-£663,000	Loss both
EPS	7.20p	-13.40p	2.10p	Loss both

GB Group plc

	Interim Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£5,183,000	£11,243,000	£5,537,000	+6.8%
PBT	£301,000	£813,000	-£242,000	Profit to loss
EPS	0.30p	0.90p	-0.30p	Profit to loss

Gladstone Plc

	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison
REV	£4,020,569	£8,603,805	£3,796,125	-5.6%
PBT	-£3,380,671	-£1,748,902	£50,315	Loss to profit
EPS	-9.74p	-4.53p	0.12p	Loss to profit

Glotel plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£37,991,000	£75,900,000	£41,796,000	+10.0%
PBT	-£418,000	-£1,347,000	£135,000	Loss to profit
EPS	-0.90p	-2.30p	0.10p	Loss to profit

Gresham Computing plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£6,152,000	£11,578,000	£4,870,000	-20.8%
PBT	£2,674,000	£1,148,000	-£1,068,000	Profit to loss
EPS	4.87p	2.45p	-2.24p	Profit to loss

Harrier Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£5,721,206	£9,544,299	£4,254,722	-25.6%
PBT	-£1,074,854	-£19,005,410	£12,812	Loss to profit
EPS	-3.38p	-59.19p	0.04p	Loss to profit

Harvey Nash Group plc

	Interim - Jul 02	Final - Jan 03	Interim - Jul 03	Comparison
REV	£83,489,000	£156,692,000	£64,317,000	-23.0%
PBT	-£6,576,000	-£7,490,000	-£4,448,000	Loss both
EPS	-14.15p	-14.91p	-8.04p	Loss both

Highams Systems Services Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£5,618,000	£11,096,000	£4,754,000	-15.4%
PBT	-£212,000	-£195,000	-£102,000	Loss both
EPS	-1.09p	-1.00p	-0.53p	Loss both

Horizon Technology Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£119,973,584	£202,110,294	£125,205,070	+4.4%
PBT	-£3,849,313	-£7,842,014	£217,456	Loss to profit
EPS	-6.83p	-12.19p	0.14p	Loss to profit

Host Europe plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£6,488,000	£13,708,000	£8,162,000	+25.8%
PBT	-£269,000	-£505,000	-£657,000	Loss both
EPS	-0.02p	-0.01p	-0.04p	Loss both

Hot Group plc

	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison
REV	n/a	£2,831,000	£956,000	n/a
PBT	n/a	-£4,710,000	-£776,000	n/a
EPS	n/a	-31.24p	-2.52p	n/a

I-Document Systems Plc

	Final - Oct 02		Final - Oct 03	Comparison
REV	£3,017,602		£4,211,401	+39.6%
PBT	-£1,483,473		-£595,060	Loss both
EPS	-1.11p		-0.42p	Loss both

ICM Computer Group plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£68,871,000		£77,843,000	+13.0%
PBT	£4,478,000		£3,673,000	-18.0%
EPS	15.00p		12.30p	-18.0%

Innovation Group plc (The)

	Final - Sep 02		Final - Sep 03	Comparison
REV	£100,071,000		£58,514,000	-41.5%
PBT	-£391,114,000		-£24,088,000	Loss both
EPS	-173.78p		-7.67p	Loss both

InTechnology plc

	Interim -Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£75,957,000	£156,899,000	£78,729,000	+3.6%
PBT	-£4,683,000	-£6,675,000	-£3,642,000	Loss both
EPS	-3.39p	-5.10p	-2.56p	Loss both

Intelligent Environments Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£1,426,000	£2,672,065	£1,886,000	+32.3%
PBT	-£1,904,000	-£2,873,579	£66,000	Loss to profit
EPS	-1.51p	-2.14p	0.18p	Loss to profit

IQ-Ludorum plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£1,980,779	£3,919,300	£1,289,900	-34.9%
PBT	-£3,393,642	-£4,965,400	-£1,067,568	Loss both
EPS	-4.15p	-6.23p	-1.24p	Loss both

iSOFT Group plc

	Interim - Oct 02	Final - Apr 03	Interim - Oct 03	Comparison
REV	£35,277,000	£91,495,000	£40,551,000	+15.0%
PBT	£6,072,000	£18,880,000	£6,651,000	+9.5%
EPS	3.29p	11.08p	3.81p	+15.8%

I S Solutions plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,621,000	£7,426,000	£3,236,000	-10.6%
PBT	-£879,000	-£1,368,000	£119,000	Loss to profit
EPS	-3.44p	-5.06p	-0.21p	Loss both

ITNET plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£85,547,000	£178,992,000	£91,215,000	+6.6%
PBT	£2,800,000	£7,336,000	£8,730,000	+211.8%
EPS	0.47p	3.01p	7.53p	+1502.1%

Jasmin plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£3,559,000	£5,844,000	£4,622,000	+29.9%
PBT	£333,000	-£886,000	-£593,000	Profit to loss
EPS	6.89p	-20.22p	-12.54p	Profit to loss

K3 Business Technology Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,944,000	£8,088,000	£3,483,000	-11.7%
PBT	-£49,000	£266,000	-£432,000	Loss both
EPS	-0.10p	0.70p	-0.80p	Loss both

Kewill Systems plc

	Interim - Sep 02	Final - Mar -03	Interim - Sep 03	Comparison
REV	£14,172,000	£25,211,000	£10,530,000	-25.7%
PBT	-£5,742,000	-£5,855,000	£499,000	Loss to profit
EPS	-8.00p	-7.70p	0.60p	Loss to profit

LogicaCMG plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£944,900,000	£1,827,400,000	£854,300,000	-9.6%
PBT	-£287,100,000	-£731,800,000	-£57,700,000	Loss both
EPS	-40.30p	n/a	-7.10p	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: **Atlantic Global, BSoftB, Earthport, Ffastfil, Intercede Group, Internet Business Group, Knowledge Technology Solutions, Netcall, PC Medics Group, Stilo International, Superscape, Systems Integrated, Ultrasis Group, Vianet Group**

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

London Bridge Software Holdings plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£32,262,000	£62,137,000	£28,426,000	-11.9%
PBT	-£2,799,000	-£51,446,000	-£726,000	Loss both
EPS	-170p	-30.31p	-0.64p	Loss both

Lorien plc

	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£60,449,000	£113,588,000	£44,503,000	-26.4%
PBT	-£6,346,000	-£5,178,000	£204,000	Loss to profit
EPS	-36.60p	-32.50p	0.40p	Loss to profit

Macro 4 plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£39,405,000		£32,394,000	-17.8%
PBT	-£3,910,000		-£5,165,000	Loss both
EPS	-18.60p		-2120p	Loss both

Manpower SoftWare plc

	Final - May 02		Final - May 03	Comparison
REV	£3,154,500		£3,560,541	+12.9%
PBT	-£1,252,691		-£802,388	Loss both
EPS	-5.10p		-180p	Loss both

Marlborough Stirling plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£60,655,000	£121,008,000	£55,986,000	-7.7%
PBT	£2,795,000	-£34,478,000	-£4,985,000	Profit to loss
EPS	0.20p	-20.00p	-2.70p	Profit to loss

MERANT plc

	Interim - Oct 02	Final - Apr 03	Interim - Oct 03	Comparison
REV	£38,701,000	£78,592,000	£36,764,000	-5.0%
PBT	-£13,204,000	-£12,798,000	£558,000	Loss to profit
EPS	-12.60p	-12.40p	0.70p	Loss to profit

Microgen plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£12,271,000	£25,332,000	£11,058,000	-9.9%
PBT	£103,000	-£1,964,000	-£717,000	Profit to loss
EPS	-0.70p	-4.20p	-180p	Loss both

Minorplanet Systems Plc

	Final - Aug 02		Final - Aug 03	Comparison
REV	£96,800,000		£88,600,000	-8.5%
PBT	-£52,300,000		-£23,400,000	Loss both
EPS	-26.76p		-54.57p	Loss both

Misys plc

	Final - May 02		Final - May 02	Comparison
REV	£1,041,200,000		£1,013,500,000	-2.7%
PBT	£34,900,000		£59,800,000	+71.3%
EPS	3.70p		7.80p	+110.8%

Mondas plc

	Final - Apr 02		Final - Apr 03	Comparison
REV	£3,741,673		£3,713,353	-.8%
PBT	-£2,177,858		-£2,224,645	Loss both
EPS	-10.10p		-10.10p	Loss both

Morse plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£465,180,000		£351,343,000	-24.5%
PBT	-£124,000		-£14,095,000	Loss both
EPS	-6.10p		-13.30p	Loss both

MSB International plc

	Interim - Jul 02	Final - Jan 03	Interim - Jul 03	Comparison
REV	£47,619,000	£84,062,000	£33,777,000	-29.1%
PBT	n/a	-£421,000	£103,000	n/a
EPS	0.00p	-2.32p	0.30p	n/a

Myratech.net Plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£2,000,000		£1,894,000	-5.3%
PBT	-£2,755,000		-£608,000	Loss both
EPS	-9.90p		-190p	Loss both

Ncipher Plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£8,037,000	£11,922,000	£7,107,000	+17.7%
PBT	-£2,654,000	-£3,352,000	-£328,000	Loss both
EPS	-2.14p	-2.69p	-1.71p	Loss both

NetBenefit plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£8,079,000		£8,245,000	+2.7%
PBT	-£1,189,000		-£186,000	Loss both
EPS	-6.90p		0.10p	Loss to profit

Netstore plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£6,643,961		£14,197,000	+113.7%
PBT	-£6,944,000		-£5,265,000	Loss both
EPS	-7.51p		-5.33p	Loss both

Northgate Information Solutions plc

	Interim - Oct 02	Final - Apr-03	Interim - Oct 03	Comparison
REV	£41,534,000	£85,215,000	£50,564,000	+21.7%
PBT	£29,807,000	£28,109,000	£402,000	-98.7%
EPS	8.99p	10.33p	0.10p	-98.9%

NSB Retail Systems plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£39,524,000	£73,359,000	£32,907,000	-16.7%
PBT	-£43,949,000	-£196,232,000	-£14,658,000	Loss both
EPS	-11.04p	-49.05p	-3.68p	Loss both

OneclickHR plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£2,575,178	£4,689,010	£2,712,382	+5.3%
PBT	-£1,093,353	-£3,473,846	£64,829	Loss to profit
EPS	-2.00p	-6.40p	0.10p	Loss to profit

Parity Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£98,958,000	£183,273,000	£80,904,000	-18.2%
PBT	-£820,000	-£24,567,000	-£13,807,000	Loss both
EPS	-0.63p	-18.01p	-9.18p	Loss both

Patsystems plc

	Interims - Jun 02	Final - Dec 02	Interims - Jun 03	Comparison
REV	£4,118,000	£8,337,000	£4,817,000	+17.0%
PBT	-£5,133,000	-£9,061,000	-£1,512,000	Loss both
EPS	-3.90p	-7.00p	-120p	Loss both

Pilat Media Global plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£2,470,000	£7,347,000	£2,978,000	+20.6%
PBT	-£1,337,000	-£236,000	-£1,245,000	Loss both
EPS	-4.18p	0.09p	-2.83p	Loss both

Planit Holdings plc

	Interim - Oct 02	Final - Apr 03	Interim - Oct 03	Comparison
REV	£10,522,000	£20,417,000	£13,045,000	+24.0%
PBT	£642,000	-£571,000	£742,000	+15.6%
EPS	0.40p	-0.60p	0.40p	+0.0%

PSD Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£22,845,000	£44,282,000	£18,449,000	-19.2%
PBT	£135,000	£879,000	-£464,000	Profit to loss
EPS	-0.40p	2.10p	-2.70p	Loss both

QA plc

	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£16,059,999	£32,800,000	£14,062,000	-12.4%
PBT	-£36,012,000	-£63,000,000	-£870,000	Loss both
EPS	-39.30p	-67.70p	-0.90p	Loss both

Quantica plc

	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£13,421,000	£26,127,000	£11,527,000	-14.1%
PBT	£504,000	-£3,443,000	-£215,000	Profit to loss
EPS	0.74p	-9.07p	0.53p	-28.4%

Raft International plc

	Final - Oct 02		Final - Oct 03	Comparison
REV	£6,666,000		£8,562,000	+28.4%
PBT	-£2,113,000		£999,000	Loss both
EPS	-3.10p		147p	Loss both

Retail Decisions plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£14,301,000	£28,421,000	£14,921,000	+4.3%
PBT	-£1,873,000	-£9,379,000	£1,103,000	Loss both
EPS	-0.69p	-3.64p	0.16p	Loss both

Reversus

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£3,528,000	£5,751,000	£1,808,000	-48.8%
PBT	-£259,000	-£7,346,000	-£5,143,000	Loss both
EPS	-0.40p	-1172p	-7.61p	Loss both

RM plc

	Final - Sep 02		Final - Sep 03	Comparison
REV	£202,158,000		£215,494,000	+6.6%
PBT	-£5,914,000		£6,219,000	Loss to Profit
EPS	-5.10p		5.20p	Loss to Profit

Royalblue Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£29,315,000	£57,006,000	£27,857,000	-5.0%
PBT	£3,984,000	£13,058,000	£3,847,000	-3.4%
EPS	8.50p	32.90p	8.50p	+0.0%

Sage Group plc

	Final - Sep 02		Final - Sep 03	Comparison
REV	£551,731,000		£560,345,000	+16%
PBT	£129,154,000		£151,037,000	+16.9%
EPS	6.99p		8.16p	+16.7%

SDL plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£28,131,000	£58,002,000	£31,003,000	+10.2%
PBT	-£2,002,000	-£3,518,487	-£1,004,000	Loss both
EPS	-4.02p	-7.10p	-2.85p	Loss both

ServicePower Technologies plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£986,000	£4,483,000	£996,000	+10%
PBT	-£1,252,000	-£555,000	-£1,146,000	Loss both
EPS	-2.45p	-0.64p	-2.21p	Loss both

Sirius Financial Systems plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£10,698,000	£22,683,192	£10,404,000	-2.7%
PBT	£1,359,000	£1,893,520	£38,000	-97.2%
EPS	4.60p	5.90p	0.10p	-97.8%

Sopheon plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£6,511,000	£12,353,000	£5,123,000	-21.3%
PBT	-£8,961,000	-£16,179,000	-£5,718,000	Loss both
EPS	-10.90p	-19.40p	-6.90p	Loss both

Spring Group plc

	Interim - Jun 03	Final - Dec 02	Interim - Jun 03	Comparison
REV	£148,378,000	£293,330,000	£145,749,000	-18%
PBT	-£9,491,000	-£8,840,000	-£3,903,000	Loss both
EPS	-6.39p	-5.93p	-2.67p	Loss both

Staffware plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£18,231,000	£39,031,000	£21,039,000	+15.4%
PBT	£391,000	£2,608,000	£1,318,000	+237.1%
EPS	0.30p	11.10p	5.10p	+1600.0%

StatPro Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,432,000	£7,229,000	£4,065,000	+18.4%
PBT	-£1,683,000	-£2,373,000	-£78,000	Loss both
EPS	-5.20p	-7.30p	-0.30p	Loss both

SurfControl plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£37,562,106		£46,209,392	+23.0%
PBT	-£48,115,028		£5,602,649	Loss to profit
EPS	-156.65p		13.12p	Loss to profit

Synstar plc

	Final - Sep 02		Final - Sep 03	Comparison
REV	£221,870,000		£223,000,000	+0.5%
PBT	£6,532,000		£8,700,000	+33.2%
EPS	2.40p		3.60p	+50.0%

Systems Union Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£37,459,000	£74,631,000	£34,015,000	-9.2%
PBT	£1,618,000	£4,318,000	£1,989,000	+23.1%
EPS	160p	3.70p	170p	+6.2%

Tadpole Technology plc

	Final - Sep 02		Final - Sep 03	Comparison
REV	£18,724,000		£5,318,000	-68.2%
PBT	-£11,140,000		-£9,570,000	Loss both
EPS	-5.70p		-4.30p	Loss both

Telecity plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£12,170,000	£24,954,000	£11,827,000	-2.8%
PBT	-£18,918,000	-£40,604,000	-£2,935,000	Loss both
EPS	-8.40p	-20.20p	-150p	Loss both

Tikit Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,731,000	£8,231,000	£3,880,000	+4.0%
PBT	£81,000	£305,000	£235,000	+190.1%
EPS	0.00p	130p	0.80p	n/a

Torex plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£77,608,000	£161,791,000	£92,310,000	+18.9%
PBT	£10,770,000	£14,688,000	£14,587,000	+35.4%
EPS	9.00p	16.80p	12.20p	+35.6%

Total Systems plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£2,026,589	£3,927,749	£2,000,586	-13%
PBT	£280,033	£596,643	£381,061	+36.1%
EPS	184p	4.12p	2.50p	+35.9%

Touchstone Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£6,912,000	£14,249,000	£6,953,000	+0.6%
PBT	£611,000	£1,526,000	£159,000	-74.0%
EPS	3.70p	9.20p	0.00p	-100.0%

Trace Group plc

	Final - May 02		Final - May 03	Comparison
REV	£20,630,180		£15,865,000	-23.1%
PBT	£2,045,620		-£2,776,000	Profit to loss
EPS	8.65p		-16.17p	Profit to loss

Transware plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£12,806,946		£8,592,679	-32.9%
PBT	£319,574		-£2,778,162	Profit to loss
EPS	0.33p		-5.65p	Profit to loss

Triad Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£14,091,000	£27,756,000	£16,573,000	+17.6%
PBT	-£2,527,000	-£4,980,000	-£849,000	Loss both
EPS	-7.91p	-27.20p	-5.60p	Loss both

Tribal Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£38,275,000	£105,659,000	£78,680,000	+105.6%
PBT	£412,000	£7,855,000	£2,041,000	+395.4%
EPS	-174p	5.50p	-0.21p	Loss

Ultima Networks plc

	Interim - Sep 02	Final - Dec 02	Interim - Sep 03	Comparison
REV	£1,119,000	£2,026,000	£810,000	-27.6%
PBT	-£112,000	£185,000	-£15,000	Loss both
EPS	0.06p	0.10p	0.01p	-83.3%

Universe Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£17,306,000	£34,487,000	£18,967,000	+9.6%
PBT	£232,000	£889,000	£206,000	-11.2%
EPS	0.55p	2.54p	0.50p	-9.1%

Vega Group plc

	Interim Oct 02	Final - Apr 03	Interim Oct 03	Comparison
REV	£17,390,000	£35,589,000	£21,093,000	+21.3%
PBT	-£8,662,000	-£8,739,000	£763,000	Loss to profit
EPS	-47.99p	-48.51p	2.40p	Loss to profit

VI Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,200,000	£7,542,000	£4,365,000	+36.4%
PBT	-£357,000	£70,000	-£227,000	Loss both
EPS	-104p	-0.74p	-0.78p	Loss both

Warthog plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£5,402,000	£11,417,138	£4,955,000	-8.3%
PBT	£134,393	-£790,705	-£2,624,064	Profit to loss
EPS	0.16p	-0.87p	-5.37p	Profit to loss

Wealth Management Software plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£6,074,000	£10,997,000	£3,969,000	-34.7%
PBT	£15,000	-£1,061,000	£208,000	+1286.7%
EPS	0.04p	-2.74p	0.51p	+1175.0%

Workplace Systems International PLC

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£6,576,000	£14,241,000	£6,245,000	-5.0%
PBT	-£2,912,000	£3,555,000	£747,000	Loss both
EPS	-161p	-152p	0.46p	Loss both

Xansa plc

	Interim - Oct 02	Final - Apr 03	Interim - Oct 03	Comparison
REV	£232,500,000	£453,900,000	£225,700,000	-2.9%
PBT	-£140,700,000	-£157,000,000	-£13,500,000	Loss both
EPS	-5100p	-57.09p	-5.12p	Loss both

XKO Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£21,614,000	£43,627,000	£22,694,000	+5.0%
PBT	-£480,000	-£545,000	£257,000	Loss to Profit
EPS	-2.60p	-2.90p	0.40p	Loss to Profit

Xpertise Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£2,120,000	£4,602,000	£5,535,000	+161.1%
PBT	-£333,000	-£1,148,000	-£1,190,000	Loss both
EPS	-0.46p	-155p	-0.54p	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: **Atlantic Global, BSoftB, Earthport, Ffastfil, Intercede Group, Internet Business Group, Knowledge Technology Solutions, Netcall, PC Medics Group, Stilo International, Superscape, Systems Integrated, Ultrasis Group, Vianet Group**

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Dec-03	Capitalisation 31-Dec-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Dec-03	Share price move since 30-Nov-03	Share price % move in 2003	Capitalisation move since 30-Nov-03	Capitalisation move (£m) in 2003
AFA Systems	SP	£0.27	£10.04m	Loss	1.67	225	42.11%	42.11%	£2.70m	£5.54m
AIT Group	CS	£0.61	£27.66m	Loss	1.57	397	3.42%	72.86%	£1.26m	£19.32m
Alphameric	SP	£0.87	£101.53m	22.8	1.64	399	-0.57%	70.59%	-£0.57m	£48.20m
Alterian	SP	£0.69	£26.88m	Loss	5.62	343	5.38%	85.14%	£1.38m	£12.38m
Anite Group	CS	£0.51	£175.70m	Loss	0.81	295	3.06%	114.89%	£4.40m	£96.74m
Argonaut Games	SP	£0.06	£6.08m	Loss	1.14	65	-10.71%	-64.29%	-£0.73m	-£10.82m
Autonomy Corporation	SP	£2.40	£266.11m	75.6	7.83	73	4.13%	36.86%	£10.61m	£47.44m
Aveva Group	SP	£4.80	£82.67m	21.7	2.30	2400	1.37%	35.79%	£1.07m	£22.87m
Axon Group	CS	£1.62	£84.28m	31.1	1.96	926	20.00%	184.21%	£14.08m	£54.68m
Baltimore Technologies	SP	£0.40	£21.20m	Loss	0.61	405	9.72%	-12.22%	£1.90m	-£1.84m
Bond International	SP	£0.48	£6.97m	Loss	1.09	731	-2.06%	171.43%	-£0.14m	£4.47m
Business Systems	CS	£0.13	£11.20m	Loss	0.42	111	23.26%	178.95%	£2.26m	£7.35m
Capita Group	CS	£2.43	£1,618.63m	20.2	1.80	65688	-2.80%	-1.82%	-£46.37m	-£28.24m
Charteris	CS	£0.27	£11.10m	Loss	0.91	294	12.77%	17.78%	£1.26m	£1.71m
Chelford Group	CS	£0.01	£4.34m	Loss	0.59	130	7.14%	-99.30%	-£0.36m	-£2.39m
Clarity Commerce	SP	£0.71	£10.88m	15.6	1.56	564	-0.70%	1.44%	-£0.12m	£1.24m
Clinical Computing	SP	£0.39	£12.10m	Loss	5.06	310	-9.41%	18.46%	-£1.30m	£3.94m
CMS Webview	CS	£0.12	£10.25m	Loss	17.58	879	-18.00%	720.00%	£1.86m	£9.44m
CODASciSys (was Science Systems)	CS	£2.95	£749.00m	14.1	11.28	2287	5.73%	20.41%	£678.10m	£688.10m
Comino	SP	£2.02	£27.99m	16.6	1.14	1550	-4.50%	58.04%	£25.29m	£10.38m
Compel Group	R	£0.78	£24.00m	60.0	0.45	620	4.73%	-6.06%	-£0.90m	-£1.61m
Computacenter	R	£4.70	£885.03m	21.8	0.35	701	-0.21%	67.86%	£874.13m	£366.13m
Computer Software Group	SP	£0.43	£13.27m	Loss	3.70	362	30.77%	30.77%	£0.07m	£8.63m
DCS Group	CS	£0.14	£3.38m	Loss	0.05	225	-1.46%	28.57%	-£0.06m	£0.75m
Delcam	SP	£1.66	£10.00m	11.7	0.53	638	-0.30%	32.80%	-£0.10m	£2.46m
Detica	CS	£6.15	£137.49m	25.5	3.51	1538	2.16%	71.79%	£111.38m	£57.49m
Diagonal	CS	£0.41	£36.24m	Loss	0.57	589	-14.74%	-20.59%	£22.44m	-£9.36m
Dicom Group	R	£6.89	£143.29m	16.6	0.92	2111	-4.71%	70.00%	£114.19m	£58.99m
Dimension Data	R	£0.38	£503.21m	Loss	0.23	67	1.35%	29.31%	£6.71m	£114.02m
DRS Data & Research	SP	£0.63	£21.47m	14.8	1.38	573	-10.00%	110.00%	-£2.73m	£11.07m
Easyscreen	SP	£0.21	£13.50m	Loss	5.09	124	-11.39%	-16.00%	-£1.80m	£0.20m
Eidos	SP	£1.40	£195.90m	15.0	1.16	6997	-2.78%	11.11%	-£6.00m	£21.16m
Electronic Data Processing	SP	£0.62	£15.20m	13.0	1.79	1883	-13.99%	57.69%	-£2.40m	£5.59m
Empire Interactive	SP	£0.12	£6.94m	35.3	0.28	200	4.35%	60.00%	£0.37m	£1.87m
Epic Group	CS	£0.96	£25.00m	13.1	2.86	914	1.05%	24.68%	£9.90m	£5.50m
Eurolink Managed Services	CS	£0.28	£2.91m	22.9	0.32	280	0.00%	-18.84%	£0.00m	-£0.68m
Financial Objects	SP	£0.24	£6.69m	Loss	0.52	105	-10.19%	-38.61%	-£21.11m	-£4.21m
Flomerics Group	SP	£0.61	£8.87m	Loss	0.76	2327	-9.02%	-11.68%	-£0.87m	-£1.06m
Focus Solutions Group	SP	£0.35	£9.93m	Loss	1.51	179	-7.89%	141.38%	-£0.87m	£6.21m
GB Group	SP	£0.31	£24.29m	Loss	2.16	197	28.69%	121.82%	£5.39m	£13.29m
Gladstone	SP	£0.13	£5.45m	8.1	0.31	313	4.17%	150.00%	£0.11m	£3.39m
Glotel	A	£0.99	£37.50m	9.9	0.49	514	-2.94%	85.05%	-£1.40m	£17.20m
Gresham Computing	CS	£3.34	£164.26m	Loss	14.18	3586	-10.71%	444.49%	-£19.74m	£134.64m
Harrier Group	CS	£0.22	£6.29m	5.5	0.66	167	21.47%	152.94%	£1.10m	£3.86m
Harvey Nash Group	A	£0.76	£81.54m	Loss	0.35	431	-5.63%	115.71%	£35.44m	£61.98m
Highams Systems Services	A	£0.12	£2.40m	Loss	0.22	340	-2.00%	44.12%	-£0.05m	£0.73m
Horizon Technology	CS	£0.66	£44.80m	4.7	0.22	241	1.55%	219.51%	£0.70m	£32.80m
Host Europe	CS	£0.02	£1.48m	Loss	0.11	530	50.00%	7.14%	-£14.62m	-£14.32m
Hot Group (was RexOnline)	CS	£0.18	£24.30m	Loss	8.58	217	-2.41%	30.36%	-£0.90m	£20.38m
I S Solutions	CS	£0.09	£2.16m	Loss	0.29	324	-6.45%	51.30%	-£0.13m	£0.72m
ICM Computer Group	CS	£2.38	£49.40m	17.4	0.63	1319	-2.06%	30.14%	-£1.00m	£13.30m
I-Document Systems	SP	£0.11	£16.50m	Loss	5.47	14	-12.24%	-8.51%	-£2.30m	£0.00m
In Technology	CS	£0.61	£83.72m	Loss	0.53	2420	-12.95%	0.83%	-£12.48m	£0.92m
Innovation Group	SP	£0.28	£115.65m	Loss	1.16	120	32.53%	139.13%	£28.35m	£93.34m
Intelligent Environments	SP	£0.09	£12.10m	50.0	4.53	93	4.17%	150.00%	£0.40m	£7.52m
IQ-Ludorum	SP	£0.02	£1.44m	Loss	0.37	24	-14.29%	-34.55%	-£0.22m	-£0.76m
iSOFT Group	SP	£3.71	£458.30m	23.5	5.01	3370	9.04%	44.82%	£38.00m	£157.10m
ITNET	CS	£3.01	£220.53m	17.0	1.23	860	-1.47%	56.36%	-£3.37m	£79.83m
Jasmin	SP	£0.50	£2.37m	Loss	0.41	333	-33.33%	-67.53%	-£1.18m	-£4.87m
K3 Business Technology	SP	£0.12	£6.12m	Loss	0.76	92	14.29%	41.18%	£0.77m	£1.81m
Kewill	SP	£0.59	.£44.95m	Loss	1.78	1156	2.63%	138.78%	£1.15m	£25.95m
LogicaCMG	CS	£2.56	£1,920.97m	Loss	1.05	3509	-6.65%	70.83%	-£137.03m	£796.10m

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Category Codes: CS = Computer Services **SP** = Software Product **R** = Reseller **A** = IT Agency **O** = Other

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Dec-03	Capitalisation 31-Dec-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Dec-03	Share price move since 30-Nov-03	Share price % move in 2003	Capitalisation move since 30-Nov-03	Capitalisation move (£m) in 2003
London Bridge Software	SP	£0.53	£90.55m	Loss	1.46	1325	9.28%	112.00%	£7.65m	£48.15m
Lorien	A	£0.86	£16.00m	Loss	0.14	860	-0.58%	22.86%	-£0.10m	£2.30m
Macro 4	SP	£1.59	£33.07m	Loss	1.02	639	29.92%	248.35%	£7.67m	£23.61m
Manpower SoftWare	SP	£0.24	£10.38m	Loss	2.92	242	7.80%	176.47%	£0.76m	£6.62m
Marlborough Stirling	SP	£0.44	£99.30m	Loss	0.82	314	-8.33%	23.94%	-£9.60m	£19.20m
MERANT	SP	£1.31	£137.92m	33.6	1.75	633	5.22%	55.03%	£6.92m	£49.12m
Microgen	CS	£0.55	£47.20m	Loss	1.86	233	28.24%	172.50%	£10.40m	£35.50m
Minorplanet Systems	SP	£0.34	£27.70m	Loss	0.22	684	-62.36%	-72.76%	-£45.90m	-£62.30m
Misys	SP	£2.12	£11,814.46m	11.5	11.66	2634	-25.70%	20.31%	£10,224.46m	£10,800.66m
Mondas	SP	£0.38	£9.93m	Loss	2.68	507	24.59%	52.00%	£1.96m	£4.93m
Morse	R	£1.43	£185.15m	Loss	0.53	570	5.95%	11.76%	£10.45m	£19.35m
MSB International	A	£0.90	£18.43m	Loss	0.22	471	9.82%	64.22%	£1.73m	£7.31m
Myratech.net	CS	£0.03	£0.80m	Loss	0.47	23	-14.29%	0.00%	-£0.16m	-£0.07m
Ncipher	SP	£1.52	£38.75m	Loss	4.36	608	-7.03%	149.18%	-£2.95m	-£38.45m
NetBenefit	CS	£0.39	£6.28m	31.6	1.01	193	18.46%	214.29%	£0.98m	£4.32m
Netstore	CS	£0.39	£36.74m	Loss	2.94	258	7.64%	101.30%	£2.54m	£18.44m
Northgate Information Solutions	CS	£0.58	£165.84m	19.6	2.02	222	12.68%	122.12%	£18.64m	£91.47m
NSB Retail Systems	SP	£0.17	£53.77m	Loss	0.73	1478	9.68%	134.48%	£3.37m	£30.45m
neclickHR	SP	£0.08	£4.76m	0.8	1.02	206	-23.26%	10.00%	-£1.44m	£0.58m
Parity	A	£0.11	£31.07m	Loss	0.17	1792	-12.24%	-33.85%	-£4.33m	£6.17m
Patsystems	SP	£0.18	£25.50m	Loss	3.27	164	4.17%	45.83%	£1.20m	£9.90m
Pilat Media Global	SP	£0.33	£14.54m	Loss	1.98	1650	10.00%	100.00%	£1.34m	£7.29m
Planit Holdings	SP	£0.29	£26.13m	41.9	1.28	1188	18.75%	7.55%	£4.13m	£4.13m
PSD Group	A	£2.95	£741.00m	Loss	16.73	1341	4.42%	59.46%	£670.00m	£694.60m
QA (was Skillsgroup)	CS	£0.04	£3.95m	Loss	0.12	19	-19.05%	-22.73%	-£1.06m	-£1.10m
Quantica	A	£0.49	£19.60m	Loss	0.75	391	14.12%	44.78%	£2.40m	£6.10m
Raft International	SP	£0.15	£9.84m	Loss	1.48	238	-9.09%	400.00%	-£0.96m	£7.87m
Retail Decisions	SP	£0.13	£36.89m	Loss	1.30	172	10.87%	218.75%	£3.59m	£25.59m
Reversus	SP	£0.01	£0.70m	Loss	0.12	20	0.00%	-66.67%	-£0.02m	-£1.39m
RM	SP	£1.33	£118.82m	17.0	0.59	3786	-8.93%	47.22%	-£11.68m	£36.52m
Royalblue Group	SP	£5.08	£167.64m	59.8	2.94	2988	6.95%	116.17%	£16.64m	£96.12m
Sage Group	SP	£1.76	£2,247.59m	21.4	4.07	67596	-3.03%	32.14%	-£70.41m	£563.09m
SDL	CS	£0.85	£45.77m	Loss	0.79	563	14.97%	181.67%	£5.97m	£29.57m
ServicePower	SP	£0.40	£22.40m	Loss	5.00	395	19.70%	393.75%	£3.70m	£18.31m
Sirius Financial (was Policymaster)	SP	£0.75	£12.70m	11.5	0.56	497	-19.89%	-32.27%	-£3.10m	-£6.80m
Sopheon	SP	£0.16	£15.70m	Loss	1.27	230	-1.54%	23.08%	-£0.30m	£4.63m
Spring Group	A	£1.16	£178.95m	Loss	0.61	1283	0.43%	151.09%	£0.75m	£109.90m
Staffware	SP	£5.80	£84.12m	24.9	2.16	2578	-6.45%	144.21%	-£5.88m	£49.92m
StatPro Group	SP	£0.31	£10.20m	Loss	1.41	388	-20.51%	55.00%	-£2.60m	£3.67m
SurfControl (was JSB)	SP	£7.51	£230.10m	47.6	4.98	3753	-8.03%	79.76%	-£20.10m	£104.20m
Synstar	CS	£0.66	£106.40m	18.3	0.48	397	-9.66%	11.97%	-£11.40m	£11.30m
Systems Union (was Freecom)	SP	£1.02	£106.00m	26.4	1.42	785	-4.67%	40.69%	-£5.80m	£31.20m
Tadpole Technology	SP	£0.13	£32.73m	Loss	1.96	302	4.17%	45.18%	£1.63m	£10.29m
Telecity	CS	£0.14	£28.90m	Loss	1.16	18	-8.06%	338.46%	-£2.50m	£22.38m
ikit Group	CS	£1.13	£13.70m	Loss	1.66	983	-1.74%	38.65%	-£0.10m	£4.13m
orex Group	CS	£6.64	£365.73m	17.0	2.26	12883	12.46%	105.74%	£40.43m	£213.03m
Total Systems	SP	£0.58	£6.01m	12.0	1.54	1085	7.48%	35.29%	£0.42m	£1.59m
Touchstone Group	SP	£1.01	£10.50m	11.1	0.74	962	-0.98%	1.00%	-£0.10m	£0.10m
Trace Group	SP	£0.65	£9.80m	Loss	0.62	516	-12.24%	38.71%	-£1.40m	£2.72m
Transware	CS	£0.01	£0.93m	Loss	0.07	13	-66.67%	-85.71%	-£2.03m	-£1.57m
Triad Group	CS	£0.59	£8.94m	Loss	0.32	437	7.27%	103.45%	£0.61m	£4.55m
Tribal Group	CS	£3.31	£218.66m	15.1	2.07	2006	-10.54%	38.49%	-£25.84m	£95.26m
Ultima Networks	R	£0.02	£3.37m	20.0	1.66	49	0.00%	100.00%	-£0.49m	£1.44m
Universe Group	SP	£0.26	£10.82m	12.2	360.82	1133	-29.17%	13.33%	-£4.48m	£2.80m
Vega Group	CS	£1.75	£32.40m	29.3	0.91	1434	29.63%	194.12%	£8.20m	£21.50m
VI group	SP	£0.13	£4.93m	Loss	0.66	265	-3.99%	-14.52%	-£0.19m	-£0.85m
Warthog	SP	£0.08	£3.80m	Loss	0.33	180	-13.89%	-55.71%	-£0.61m	-£4.46m
Wealth Management Software	SP	£0.18	£7.55m	24.9	0.69	138	20.00%	125.00%	£1.25m	£4.19m
Workplace Systems	SP	£0.12	£21.20m	Loss	1.49	0	-4.47%	113.64%	-£0.90m	£11.27m
Xansa (was F.I. Group)	CS	£0.85	£287.86m	Loss	0.63	2179	-7.36%	54.55%	-£21.14m	£105.10m
XKO Group	SP	£0.85	£23.40m	Loss	0.54	563	-1.17%	131.51%	-£0.20m	£13.59m
Xpertise Group	CS	£0.01	£4.70m	Loss	1.02	50	0.00%	-66.67%	£0.00m	£2.00m

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SMALLER FIRMS LEAD S/ITS RANKINGS

31-Dec-03		
	S/ITS Index	4676.37
	FTSE IT (SCS) Index	503.61
	techMARK 100	1015.00
	FTSE 100	4476.90
	FTSE AIM	835.40
SCS Index =1000 on 15th April 1989	FTSE SmallCap	2475.08

Changes in Indices	S/ITS Index Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/1/03 to 31/12/03)	+0.36%	+3.09%	+0.27%	-5.42%	+2.63%	+1.12%
From 15th Apr 89	+367.64%	+118.00%				
From 1st Jan 90	+408.25%	+89.54%				
From 1st Jan 91	+560.63%	+107.23%				
From 1st Jan 92	+347.56%	+79.57%				
From 1st Jan 93	+193.45%	+57.28%				+78.40%
From 1st Jan 94	+180.09%	+30.96%				+32.45%
From 1st Jan 95	+211.93%	+46.04%				+41.72%
From 1st Jan 96	+107.06%	+21.35%	+28.60%		-12.38%	+27.48%
From 1st Jan 97	+74.66%	+8.70%	+10.97%		-14.42%	+13.37%
From 1st Jan 98	+54.08%	-12.82%	+6.39%	-49.64%	-15.79%	+7.00%
From 1st Jan 99	+18.64%	-23.90%	-30.29%	-65.17%	+4.22%	+19.52%
From 1st Jan 00	-59.23%	-35.40%	-73.14%	-86.45%	-56.78%	-20.10%
From 1st Jan 01	-44.15%	-28.05%	-60.44%	-74.16%	-41.90%	-22.25%
From 1st Jan 02	-2.54%	-14.19%	-31.08%	-40.35%	-6.95%	-4.04%
From 1st Jan 03	+72.38%	+13.62%	+56.45%	+48.02%	+38.56%	+35.95%

End Dec 03	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move since 1st Jan 02	Move since 1st Jan 03	Move in Dec 03
System Houses	2.0%	-60.3%	-46.6%	-3.7%	91.8%	1.2%
IT Staff Agencies	-59.5%	-64.7%	-43.8%	1.4%	52.5%	0.6%
Resellers	99.8%	-3.7%	27.3%	41.7%	91.7%	1.2%
Software Products	74.1%	-58.1%	-69.6%	-2.0%	62.2%	0.0%
Holway Internet Index	316.7%	-49.3%	-25.5%	34.8%	105.8%	3.1%
Holway S/ITS Index	18.7%	-59.2%	-44.1%	-2.5%	72.4%	0.4%

The Ovum Holway S/ITS Share Index closed 2003 up a massive 72% on the year (although pretty much unchanged in the month of December) at 4676.

That means that it beat every other UK benchmark we use; as the FTSE100 was "only" up 13%, FTSE Small Cap. up 36%, FTSE AIM up 39%, FTSE IT SCS Index up 48% and the Techmark 100 up 56%. It even beat NASDAQ's 50% rise. As the Ovum Holway S/ITS Share Index is the only one which is unweighted, that's a clear sign that the smaller S/ITS stocks performed (or is the word recovered?) EVEN better than their larger cousins.

Indeed the top echelons of the rankings for 2003 are crowded with smaller companies and headed by **CMS Webview** which has seen its share price rise from 2p to 12p in the year as it has signed multiple contracts for its ProphetX trading system. If you take only companies with market values of £100m+ (at end of year), then Gresham Computing's 444% rise tops the list.

Other bigger companies showing impressive rises in 2003 included **Spring** (up 151%), **Innovation** (up 139%), **Northgate** (up 122%) and **Royalblue** (up116%). **Sage** put on the most value – increasing its market cap. by £563m to £2.25b. They were followed by **Computacenter** (up £366m at £885m) and **Torex** (up £213m at £365m – and that's before their merger with iSoft kicks in).

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.