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SYSTEMHOUSE

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

WHO ARE YOU?

By Richard Holway

My last major presentation for the Prince's Trust, in September 2006, was entitled 'Eve of disruption'. I said that the pace of change was now faster than at any time in my 40 years in the ICT industry. Companies were facing disruption not just *within* the boundaries of their own sectors - for example, software changing from a packaged product to software-as-a-service, but across sectors - for example, BT offering video on-demand and Sky offering broadband. Indeed the boundaries between ICT and business as a whole were now blurred. Are Google and YouTube ICT companies? How do you categorise Partygaming.com, Amazon.com or eBay? Indeed, does it matter anymore?

Richard Holway
Director, Ovum Plc

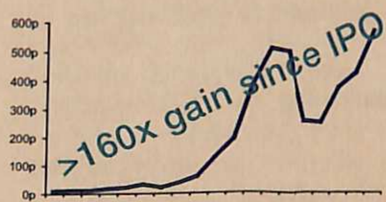
The problem is that all this disruption is causing companies to face a real identity crisis. But I would contend that being able to provide a brief and simple answer to the question 'Who are you?' is now crucial to both survival and success. That's the subject of my next presentation for the Prince's Trust to be

Who are you? Boring companies

CAPITA

Business Process Outsourcing

Capita's Share Price has grown nearly 160 times since its IPO at 3.5p in 1989 and now exceeds its dot.com peak

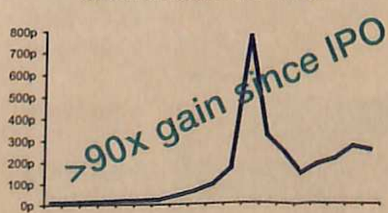


Share price at start of year unless stated otherwise

sage

Business software for SMEs

Sage's Share Price has grown over 90 times since its IPO at 2.6p in 1989. Still well off its dot.com peak though



Share price at start of year unless stated otherwise

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techMARK 100	**- 0.8%**	**1435**

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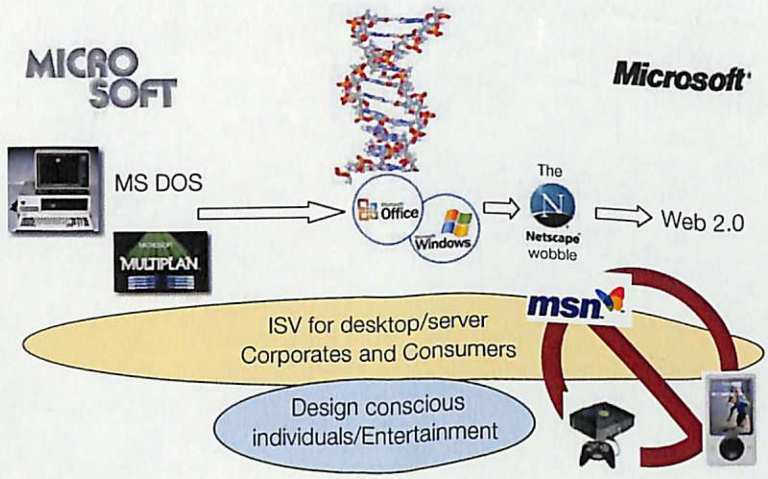
held at the Victoria & Albert Museum on 14 December 2006.

Boring companies

Let's start by looking at two examples. Capita and Sage are the only current holders of our 'prestigious' Boring Awards, achieved by their unbroken earnings growth record stretching back to their 1989 IPOs (and beyond). As a result both these companies have produced exemplary returns for their shareholders. Capita's share price is up more than 160x and Sage is up more than 90x - and that's before dividends are added in.

As well as both companies being led by accountants, they both have simple business messages. Capita does BPO in the UK; Sage does business software for SMEs throughout the world. They have both done many acquisitions - none ever for more than 10% of their then market value. All the purchases have been in support of their basic business message. None have simultaneously taken them into new markets in new geographies. The way that both Capita and Sage do business now is very different to 20 years ago, but their business message is as valid today as it was then.

Microsoft more likely to survive/succeed by sticking to its ISV DNA than in consumer entertainment



Simple companies

Your first reaction to this might be 'So what? Surely every company follows that pattern?' If only!

Conglomerates don't work in IT

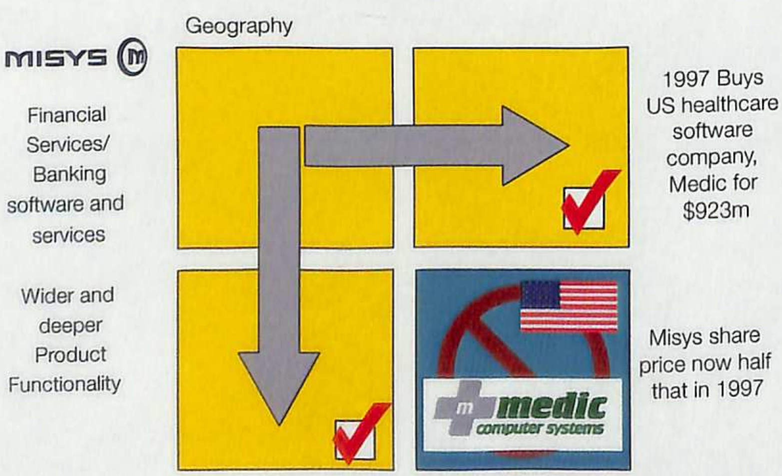
For too many years I have sat in front of too many companies trying to persuade me that their business objective was to build an IT conglomerate - buy companies that look cheap and strip out redundant cost. The 'synergy' word is used many times. I am told that such synergies can be applied by assembling a whole rag bag of different companies in different sectors and countries. Since then I have written up a legion of receiverships at such companies - Systems Reliability, EIT, Headland and Mettoni to name just a few. And I've seen other conglomerates like Cray Electronics, the 'old' Cedar and the 'old' Sanderson having to go through radical restructuring back into their constituent parts before they started to succeed again.

Perhaps the most high profile of these in the UK has been Misys. Its efforts to build a group around financial services and banking software & services worked well enough in the 1990s. Indeed, Misys shareholders were doing reasonably well up to 1997. It then decided to buy Medic in the US for \$923m (£566 million). So it managed to do its largest acquisition of all time in a brand new market area in a brand new geography!

We were extensively quoted at the time. *'I am flabbergasted..this could be one bite too many for Misys'* (Source: The Times October 1997) gives the flavour.

And so it turned out. Misys's share price today is now half what it was at the time it bid for Medic and its growing list of woes have

Misys doing OK until it decides it should be Big in Healthcare...*in the USA!*



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been reported extensively in SystemHouse in the last year.

Kevin Lomax, who was Misys's Chairman and CEO until very recently, learnt his trade at Hanson. Conglomerates might work in manufacturing or smokestack industries but they do NOT work in IT.

Adapt or die

Of course, all companies have to adapt to changing markets - or they die. Kodak is a good example of a company which did not react fast enough when digital photography took off to the detriment of its established film business.

But as Darwin found, it was the species that adapted as part of their evolution that survived and prospered. Put another way, you cannot easily change a fish into a fowl but you can evolve a chimpanzee into a man. The link is 'shared DNA'.

Sage and Capita have pretty much the same DNA as when they started. I would suggest that Misys Healthcare and Misys Banking have no shared DNA. Indeed I rarely find any shared DNA in conglomerates.

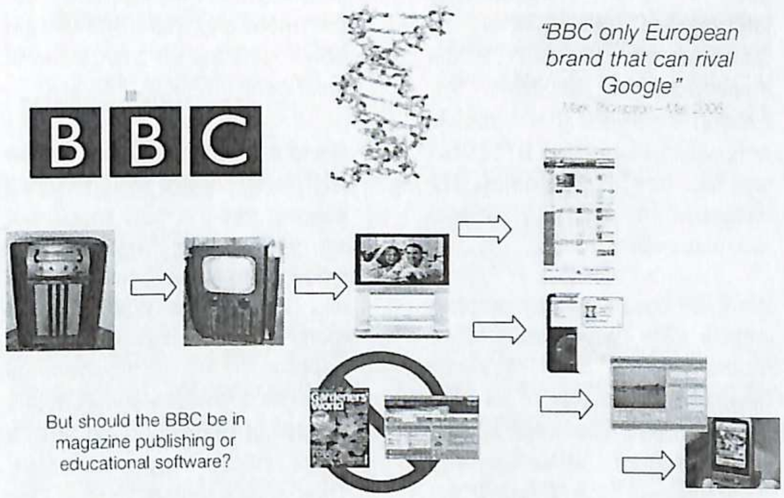
Common DNA?

You can play the 'What's the common DNA?' game yourself. Below are just a few examples. I could fill a whole book of examples of companies breaking their DNA and paying the cost.

Apple

Apple's DNA has always been designing technology to appeal to design-conscious individuals. The Mac and the iMac for designers were followed by the iPod and hopefully many more generations of wonderful new devices.

The BBC's DNA is "broadcasting", including all the new delivery platforms



But 20 years ago I was taken on by Apple to help them get established in the corporate market. I failed in 1987 - although I don't think it was completely my fault! Apple has tried again and again ever since...and failed every time!

Apple just doesn't have 'corporate' in its DNA.

IBM

Conversely IBM has 'corporate' running through its whole history like Blackpool in a stick of rock. In the last 20 years it has managed to evolve (with some pain and discomfort) from Big Blue Corporate Hardware to Big Blue Corporate Software and IT Services. It 'invented' the PC in 1981 for its corporate customers and was wise enough, if somewhat belatedly, to sell it to the Chinese when the whole market had changed. IBM just doesn't do 'consumer' and if you don't do 'consumer', you really have no place in PCs right now.

Microsoft

Microsoft's DNA is being an ISV for the desktop/server - for the corporate and the consumer. From DOS to Windows, Multiplan to Office. It was late to the Internet party before realising that this was a vital part of its DNA. It may again be late to the software-as-a-service party but Microsoft is now realising that this is in its DNA too.

But Microsoft search? Microsoft as an ISP? Microsoft as a games console manufacturer? Microsoft as an iPod beater? I think not, because I just don't see any of that in Microsoft's DNA.

Google

Google's DNA is search-based advertising. That's why we were so widely reported as saying that its recent $1.65 billion purchase of YouTube was a 'marriage made in heaven'. If Google sticks with its DNA it could, probably will, do very well. But my fear is that it will think it can use its undoubted clout (and wealth) to move into areas such as office productivity software where it has no experience or indeed common DNA.

BT

BT's DNA is networks. As part of the GPO it was responsible for fixed line voice then data. Much of its networked IT services activities

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in BT Global Services fit well with its DNA, as it's good at managing large and increasingly international networks for big corporates. BT's 21CN investment fits its DNA. We happen to believe that a mobile arm would have fitted BT's DNA well too. But for reasons of debt reduction it sold its Cellnet operations. *Shame!*

What we have a greater problem with is BT's move into BPO or mainstream systems development outside of its core network DNA. The same applies to its current adventure into entertainment. As I write, the media is even speculating that BT might bid for ITV. We can't see any BT DNA in ITV.

BBC

As ITV is seen failing, so the BBC seems to go from strength to strength. 'Broadcasting' - in its widest sense - is the BBC's DNA. Although I am not dismissing the BBC's ability to make programmes, we must remember that more and more of them are now 'outsourced' to external producers.

Being a life-long BBC fan, I have got really angry when critics suggest that the BBC should not be involved in 'new media'. Indeed I think that what the BBC has done on the Web, and the many ways in which we can access BBC programmes *'anytime, anywhere and from any device'* is greatly to the BBC's credit. Indeed I agree with Mark Thompson's remark back in May 2006 when he said *'the BBC is the only European brand that can rival Google'*.

Having said that, the BBC should steer clear of areas like magazine publishing or educational software - I don't see these as either part of its remit or the BBC's DNA.

Lessons

- You must understand your DNA. Try answering the 'Who are you?' question for yourself, right now. This thought process might even help resolve some of your current issues and concerns.

- Your future lies in evolving, in adapting. Do not try to change your DNA radically or rapidly. Trust Darwin. He said that was just not on!

- Having established your DNA, use that as the core question in every new proposed acquisition and every new organic development for your company. If it doesn't fit your DNA, reject it.

- Keep your business message simple. If you aspire to be 'boring' you have to be 'simple' too.

Anyway, just keep asking yourself, how do I answer the 'Who are you?' question to a 'simpleton' analyst like Holway?

3%
528p

AXON

AXON AT THE OFFSHORE CROSSROADS

Axon, the UK-based SAP specialist, is one of the few S/ITS companies to have grasped the nettle a few years back and embrace the trend for low-cost offshore services provision. In 2004 Axon acquired a 12-person operation in Kuala Lumpur, Malaysia, and has now grown it to 300 employees today. These offshore staff now represent almost 20% of Axon's total global headcount, with half providing application development, almost a third involved in application management, and the remainder being functional SAP specialists.

We spoke recently with Ruth Rudwick, global head of Axon's application management division, to better understand the company's offshore strategy.

Comment: Malaysia is a good choice for a company such as Axon, which lacks the brand awareness and size to be able to compete for top-level technical staff in India. Malaysia has stable social and political foundations, a rapidly growing economy and importantly, a government that has an established roadmap for development.

The ethnic mix of Chinese, Malays and Indians also makes Malaysia a good cultural base from which to sell into the rest of Asia-Pacific. Indeed, Axon is already working with the local government on SAP implementations, and is using the KL centre as a base from which to pursue business in the wider region. But we are concerned that Malaysia cannot provide the breadth and depth of skills that a company such as Axon would need to support the c50% growth that they are achieving in the West.

There are two basic options for a company in Axon's position. They could develop new offshore centres in alternative countries, distributing their offshore labour pool across several locales. Or, they could throw everything they've got at Malaysia, partnering with the government to invest in growing the volume and quality of IT skills available.

Each route has its own risks,

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challenges and rewards, and understanding these well is crucial in today's S/ITS environment. Many IT companies are at a similar crossroads to Axon, but there is no universal answer for all. Some, like LogicaCMG, are combining investments in India with those in the Philippines, while others, such as Harvey Nash, have broken new ground in countries such as Vietnam. Whatever route a company takes, it is clear that the decisions they make today will go a long way towards dictating their competitive advantage tomorrow. *(Samad Masood)*

L!BERATA

LIBERATA CHOOSES KANBAY AS OFFSHORE "PRESSURE VALVE"

Liberata, the public and financial services sector BPO company, has signed a $12.5m technology services and support deal with US-listed offshore services provider Kanbay International. Liberata will use Kanbay's offshore outsourcing capabilities to help transform its legacy systems to "significantly reduce total administration cost per policy for business acquisition and subsequent servicing".

Kanbay is itself in the process of being acquired by French IT services company Capgemini in a $1.25bn cash deal. Capgemini will double its Indian presence to 12,000 staff through the deal, taking offshore staff to 16% of their total headcount.

The life & pensions BPO market, which accounts for around half of Liberata's business, is highly competitive - and Liberata's rivals are increasing their use of offshore in order to help manage and maintain the often complex and expensive legacy policy software that they inherit from clients.

The entrance into the market of offshore leader TCS in May (through its £486m deal with Pearl Group) really raised the offshore stakes, as TCS will be developing a new UK-focused L&P software platform from India. BPO market leader Capita also has a long-established relationship with Indian player Mastek, which provides it with development services and its Elixir software platform.

We've spoken to Liberata's CEO Bob Gogel and got some more clarity as to how he sees his company working with its new offshore technology partner Kanbay, as well as how the relationship with offshore BPO partner Genpact is progressing.

Comment: Gogel's key message is that the Kanbay deal is not about cost cutting, but about supplementing Liberata's internal IT team, and enabling them to flexibly scale up their resources as and when they are needed. Kanbay will support future policy migrations, either from new or existing clients, when needed. Gogel says that the $12.5m value of the deal quoted is based on Kanbay's estimate of the potential work orders.

We've said previously that "delivery is everything" when going offshore - and we're glad to say that Gogel agrees. He is very clear that Liberata is not handing over its IT, but that Kanbay is providing extra resource "like a pressure valve" during the busy periods when migrations occur. This is a sensible approach because, while Kanbay's expertise in the insurance sector makes it a good partner, the real technical and customer knowledge resides within Liberata, who will still be doing the bulk of the work and driving the migrations.

Gogel's view of how Liberata will work with Genpact is quite different. The received wisdom in offshore BPO is to migrate processes in two stages: first outsourcing to the supplier onshore, and then moving offshore when the client is comfortable that the supplier understands the processes. But Gogel is looking to move this model forward and take clients processes offshore in one go with Genpact's help.

Currently the two companies are working together to identify new clients that would be comfortable enough with this 'straight to offshore' approach. We expect that some would be interested in doing this with specific non-core processes. But we would be surprised if Liberata and Genpact can find a client who is comfortable to take the end-to-end life & pensions back-office process to India in one go - particularly as both companies are new partners. Of course we're willing to be proved wrong! In the meantime though, Liberata is going to move some of its own back-office processes (such as finance & accounting) to Genpact in India by the end of this year - in part to give clients confidence that it has first-hand experience of doing offshore BPO.

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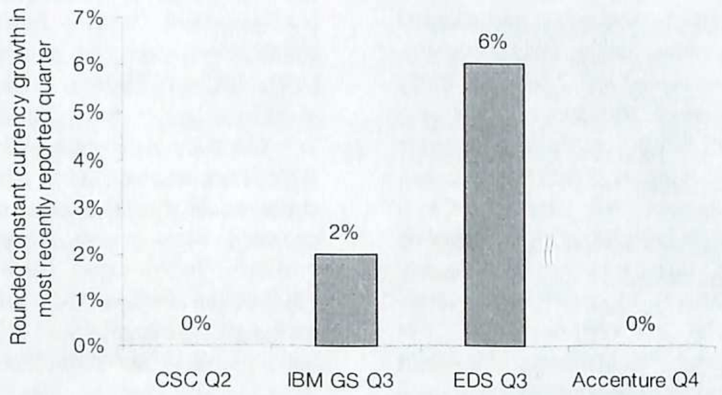
Overall, both these partnerships reflect Gogel's strategy for Liberata to "stick to its knitting". He wants Liberata to excel in operational effectiveness and, for example, differentiate in areas such as customer service. "We know what we are now" he says, and he expects this renewed focus to result in increasing sales activity from the business in the near future.
(Samad Masood)

CSC Q2: NO REVENUE GROWTH BUT STRONG SIGNINGS

CSC announced its results for the second quarter (July to September 2006) of its FY 2007. Headline revenue was up 0.9% at $3.6bn, or down 0.3% in constant currency. EBIT grew 1% to $214m, producing an EBIT margin of 5.9% (the same as in Q2 of FY2006). Total contract signings for the quarter amounted to $8.8bn, significantly up on the $2.5bn bagged in Q2 last year.

Leading global IT services players: growth is hard to find



Comment: As in Q1, CSC has no topline growth to report. Fortunately, and despite increased SG&A costs due to bidding activity, the company is keeping overall operating costs about as flat as revenues, so the EBIT margin is not endangered. Going forward, CSC's restructuring programme, as announced in April, will have more impact on profits. The company has already reduced headcount in more expensive locations by 2,800 in the last two quarters, with a consequent operating cost saving of almost $40m. By FY2008, the annual run rate of such savings should be more like $300m, which will be worth as much as 200 basis points on the operating margin.

We can expect second-half revenues to pick up too, since, despite two quarters of zero growth, CSC continues to forecast a 2-3% topline improvement for FY2007 as a whole. But the real good news in Q2 came on contract signings. The $8.8bn total was the company's largest ever quarterly haul and should provide some uplift to growth in FY2008. The wins should also provide a morale boost for the company's staff, following six months of lay-offs and an unsettling potential takeover. One key component of the Q2 total - the $3.7bn of additional contract value signed up at the NHS - still needs finalising, but should have some revenue impact in Q4. Most of the benefit of this and other Q2 wins will be felt in FY2008.

Europe declines again

If there's a serious negative in CSC's performance, it's the continuing weak showing from Europe, where revenues once again fell (by 8% in constant currency). The slump in CSC's Northern regions looks fixable (especially when the NHS boost kicks in), but the company is taking a long time to turn around its Central and Southern regions of Europe (which essentially comprise Germany, Eastern Europe, Italy and Spain). We acknowledge that conditions remain soft in some of these markets, but CSC's efforts to restructure here and to move away from body shopping still appear a long way from delivering a more positive performance.

Recent signings show CSC hasn't lost its ability to win major bids, and indeed it will use the NHS globally as a reference to win complex, long-term delivery programmes. But going forward, expect to see CSC putting more emphasis on smaller deals and smaller customers, and solutions targeted at these. Meanwhile, it's also refining the BPO strategy.

Gone is the effort around horizontal BPO; indeed CEO Van Honeycutt confirmed to analysts that CSC's alliance with Aon for HRO is no more. To the fore is an emphasis on bidding for vertical BPO, especially in healthcare and finance. But as things stand in Europe, we're yet to see much tangible business in this area and CSC will need to compete against some well established and more specialised players if it's to claim its share of such opportunities.
(Phil Codling)

DELL: ONE LETTER DIFFERENT FROM 'DULL'?!

We recently spent some time with the management team of Dell services, EMEA and met the respective heads of the consulting and managed services businesses. Overall we came away feeling Dell is making solid progress along what is a complex and difficult path.

Dell services cover consulting (e.g. scope, design, virtualisation), managed desktop services (currently to large, global corporations) and support services (mainly handling the logistics and managing the support providers). Dell has racked up some very sizeable managed desktop services deals in the past couple of years, including those inked with Ford, Honeywell and AXA. Readers will also remember the $700m (including hardware) deal with Philips that was cut short - due to what has been described as problems on both sides.

Despite these large and high profile deals, Dell's most recent full financial results (Q2 2007 - Dell has released 'preliminary' details on Q3) show that the services business is experiencing a slow-down in revenue growth. It registered 21% worldwide, as opposed to 41% in Q2 last year. Quarter-on-quarter growth was only 2.0%. Furthermore, we know that Europe didn't manage to match the 21% worldwide growth rate - although we understand that it wasn't too far off this.

This is happening because after a run of successes, there just isn't the number of deals to sustain Dell's growth at that 40% mark. Furthermore, these deals, with their long sales cycles, produce lumpy revenues. To counter this, Dell has been working on broadening its services offering. Key areas are: 1) addressing mid-market and/or single-country managed services contracts and 2) growing its consulting capability. The question is how close Dell is to turning these initiatives into revenues.

We think Dell is probably very close to having in place a model (for example, sales and logistics processes) to deliver smaller, single-country managed desktop contracts. As yet, we see no evidence that it is currently signing deals in what is a sweet spot for the likes of Computacenter and Fujitsu, for example). But, our view is that its entry, if it gets it right, will be very disruptive. We also see this 'entry' as happening very soon.

On the second point (i.e. growing consulting), we agree that it could potentially help Dell to enter the sales cycle earlier and generally gain more credibility with customers. But it faces an uphill battle in recruiting more of the right consultants (i.e. solutions architects), partly because they're hard to find and partly because Dell doesn't have the same brand pull as other services players.

A clear step forward was the acquisition of ACS (announced on 14 November), a UK company with a development centre in India. Acquiring ACS gets Dell into a client-facing position it would struggle to achieve organically.

The addition of ACS will initially benefit Dell's UK business (where ACS claims a number of high profile clients, especially in financial services), but the company intends to build out application packaging as a global offering from Dell Services. This shows just how important the UK market is as a 'test ground' for the evolution of Dell's services globally. Furthermore, we wouldn't be at all surprised to see it make further acquisitions, either in the UK or mainland Europe.

The consulting piece is a work in progress - more so than the managed services offering because it links in with a much broader issue Dell has to tackle - that of brand perception. Put simply, the market view of Dell is often: desktops? Yes. Complex business decisions? No.

So is it really fair to describe Dell as being 'dull'? Many of the services Dell provides are about doing day-to-day IT routines more cost-effectively and more simply. Some might call that 'dull but worthy' - we call it giving CIOs what they want. And this is exactly where Dell will give the competition something to think about. But can Dell also be 'exciting' Or rather, can Dell be creative in order to help improve the performance of its customers' businesses? The ACS acquisition certainly shows that Dell is deadly serious about being able to provide more complex services. Yes it's a 'work in progress', but Dell is undoubtedly making important steps forward.

(Kate Hanaghan)

BT: LITTLE REVENUE GROWTH, SURGING SOFTWARE SPEND

BT Global Services, the division of BT that delivers to corporate, government and international customers, grew Q2 revenue by 3% to £2.2bn. Operating profits rose by 16% to £72m. Q2 orders totalled £1.6bn. Meanwhile BT Group as a whole posted Q2 revenue growth of 4% to £4.94bn.

Comment: Global Services is now the largest division of BT - larger even than the £2.1bn (and shrinking) BT Retail, which sells to consumers and smaller businesses in the UK. That's significant because it emphasises the importance of the larger enterprise and overseas interests of BT in its strategy, financial performance and management focus. Indeed, overall, consumer customers in the UK now contribute just 25% of BT's revenues.

We like Global Services' improved focus on multi-site organisations and international capability - it's helping the division articulate its positioning and value proposition to customers, staff and partners. But Global Services also faces significant challenges as it tries to grow, not least the need to manage a declining business in the UK for traditional telecoms services against growth opportunities in IP networking, network outsourcing and the more IT-centric areas like CRM and security. One problem is that growth from such "new wave" business is far from stellar - just 6% in Q2.

Partnering is key

A lot of that growth is driven by BT's ability to partner. The Pepsico deal (with "best buddy" HP) and the network outsourcing agreement with Capgemini are recent high-profile examples, but BT also knows how to partner with a wide range of other service providers. Indeed, in the large and still-growing UK public sector market, it appears to be emerging as the default network partner, and is reaping rewards from this.

Partnering is a critical skill in today's market, but BT cannot let itself become just a subcontracting provider of networks. So we also expect to see it marshalling its resources and relationships to compete for big and difficult contracts, often in the UK government sector and often (as on e-Borders for example) as the prime bidder in a consortium. The company, rightly, sees itself as a key provider of "critical national infrastructure" in the UK, an attitude that helps to explain its enthusiastic bidding for (and winning of) large chunks of NPfIT at the NHS.

One other thing caught our S/ITS-attuned eyes in BT Group's Q2 results. Its software spend is going into overdrive, with capital expenditure on software almost doubling in Q2, compared to the previous year, to around £160m. This surge is being caused by BT's 21CN network initiative, the first real-life implementation of which "went live" in a corner of Wales in late November. This is creating great opportunities for network software players. Other large network owners - including Cable & Wireless in the UK - are making and/or planning similar developments. Aside from the sheer scale of the investments planned around such NGNs (next-generation networks), the future of communications infrastructure is unquestionably about automation through technology rather than fleets of vans and stripy tents on the high street, and that's particularly good news for the S/ITS industry.
(Phil Codling)

4%
100p
Strategic Thought group

STRATEGIC THOUGHT GROWS BY 5% DESPITE ARM DELAY

Strategic Thought, the enterprise risk management software specialist, released its interim results for the period ended 30 September 2006 revealing revenue up 5% to £5.33m, with operating losses coming in at £628k, down from a £771k profit last year. Revenue from the main enterprise risk product line fell by 24% to £1.6m, while the software integration business grew by 26% to £3.7m.

UK revenue fell by 10% to £3.3m, while US revenue fell by 40% to £794k. However, revenue from Europe grew by 10% to £113k, and wins in the Middle East, Africa and Asia boosted revenue from nothing in the first half of last

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year to just over £1m this time.

Comment: The five month delay in the launch of the new version of its ARM product has held back growth at Strategic Thought this year - and the company took a beating on the stock market when it admitted as much in October causing shares to fall by more than 40%. This problem was already expected to push back revenue into the second half. But unfortunately poorer than expected performance with wins in new sectors has meant that overall performance did not meet expectations.

The result is in complete contrast to Strategic Thought's maiden full year performance, which saw revenue rise 24% to £11.5m and operating profit rise 26% to £2.1m. Strategic Thought floated in July 2005 at 120p per share and a £30m market capitalisation. Shares peaked at 297p in March this year, but spent the past few months between 175p and 180p before diving in October. Now the stock seems to have bottomed out at around 95p the company is considering a share buy-back. This is probably a good idea, as its current problems are solely related to this product delay and

Strategic Thought share price movements since flotation

should only have a short term effect on business.

As we've said before, the company's challenge historically has been that it is split down the middle by two software products - the fast growing and highly profitable risk software, and the slower (but still strong) growing IBM WebSphere division, which at last full year results was making a loss. We can only repeat our mantra that today's S/ITS companies, especially small and mid-caps such as Strategic Thought, need to focus on one core strength and market opportunity to succeed. Admittedly though, this advice may not have helped Strategic Thought this time round (after all, the unexpected strong growth of its WebSphere sales have buoyed it this half) - but we can't help thinking that the whole issue might have been avoided if the company wasn't trying to play in two games at once.

But Strategic Thought has used this period wisely, investing in more sales and marketing in order to expand into new industry verticals - hence the significant fall in profitability. A move to integrate the risk management product and WebSphere integration business lines is also something that we applaud. If this product delay is indeed a one-off hiccup, then things should start looking much brighter for Strategic Thought in the next financial year.

(Samad Masood)

-4%
28p

TIG BUYS TWO MORE BPO COMPANIES

Insurance software and BPO company The Innovation Group (TiG) has recently announced two acquisitions, and a significant contract. TiG announced the $51.6m (£27.1m) acquisition of First Notice Systems Inc (FNS), a US-based provider of "claim-reporting" outsourcing services. The deal is conditional on the success of a £37.9m rights issue that TiG will use to fund plans to fund the purchase.

TiG has announced the £4.5m acquisition of Holmwoods and Back and Manson (HBM), a South African travel insurance administration and consulting business. TiG also announced a £2.9m software contract with a UK property insurance provider, with most of that money to be recognised in the financial year ending 30 September 2007.

Comment: TiG has now acquired six businesses in 2006, and FNS is the most significant and strategic acquisition of the lot. More than 20% of TiG's business already comes from North America, but this is all from software sales. Now with FNS, and the recent £4m purchase of

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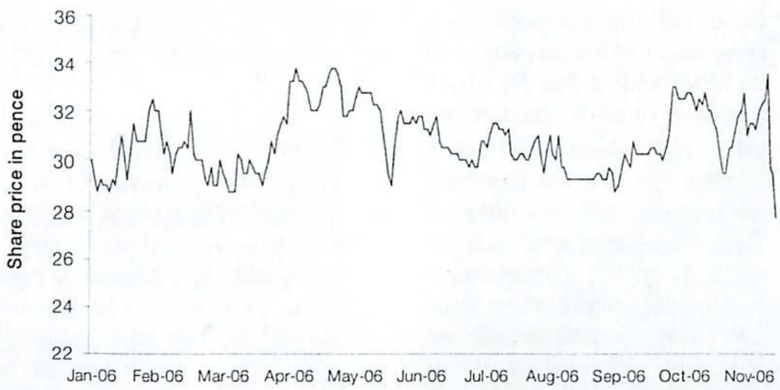
Sureplan International, TiG can begin cross-selling claims processing BPO services into its US software clients. This will enable the company to continue rebalancing its business further towards outsourcing services and benefit from the recurring revenues that come with it.

The HBM acquisition, in contrast, is much more of a 'bolt-on' purchase, and reflects the maturity of its model in South Africa, where TiG is already quite strong in outsourcing. In fact, South Africa accounted for c40% of TiG's total revenue in the most recent first half.

Overall, TiG continues to move in the right direction, and these acquisitions should deliver significant growth opportunities

TiG's share performance since January 2006



Source: London Stock Exchange

for the business. The company has confirmed that it expects adjusted profit to come in at £9.5m for the year end 30 September 2006. If revenue hits our expectations for the year then this should result in a further margin improvement. But looking at the share price fluctuations that TiG has suffered over this year, it seems the company still has its work cut out in terms of convincing the City that it is an exciting - and stable - proposition.

(Samad Masood)

EDS CONFIRMS STEADY Q3 AND SELLS OFF GFS

EDS announced its Q3 results at the beginning of November. Headline revenues rose 9% to $5.3bn. Organic, constant currency growth was 6%. Operating profits rose by 15% to $215m, producing an operating margin of 4.1%. Profit before tax was up 48% to $216m and EPS was 24 cents (versus 2 cents in Q3 of 2005). Total Q3 signings were $3.5bn, compared to the $5.3bn posted in Q3 2005.

During the month, EDS also confirmed the long-awaited sale of its Global Field Services (GFS) support services unit to German firm a&o group. 3,000 people will transfer from EDS to a&o. No purchase price has been disclosed for the acquisition, which covers GFS's activities in Germany, Benelux, France, Iberia and the UK.

Comment: Q3 was another solid and encouraging quarter for EDS. The topline growth remains far from blistering, but that's not a huge problem because EDS these days is a business increasingly tuned for a mature global outsourcing market. CEO Mike Jordan is confident of achieving his 6.3% operating margin target for 2007 with nothing more than continued "mid single-digit growth".

His confidence is helped by continuing progress on cost containment, with SG&A for example falling from 10% of revenues a year ago to 8% in the quarter. Meanwhile the workforce redistribution programme worked overtime in Q3, reducing headcount by 2,000 in more expensive locations, while India marches up towards the goal of 20,000 employees by year end.

EMEA growth cools

The EMEA business had a quiet quarter, with revenue growth of just 4%. After a strong first half, this suggests that the DII mega-deal growth effect is wearing off. EMEA didn't pull its weight on Q3 contract signings either - contributing a total contract value (TCV) of just $670m, or 19% of what was a slightly disappointing global Q3 signings total for EDS. With the Department of Constitutional Affairs infrastructure contract going to Atos Origin in September, EDS UK's drought in major wins continues.

In a multi-sourcing world where EDS's favoured diet of mega-deals are few and far between, the company needs to get smarter at winning smaller chunks of work, particularly in the private sector. Its renewed enthusiasm for both

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partnering (as expressed in its burgeoning Agility Alliance) and delivering alongside competitors (as at Vodafone, where it is sharing the international applications development deal with IBM) should help EDS negotiate the changing conditions in the outsourcing market.

Overall, EDS's return to corporate solidity continues to impress. Some readers may recall that, in November 2004, the company had to postpone its Q3 results as it conducted a review of the massive and draining NMCI contract. Two years on and NMCI is profitable, growing and a reference, and the company is no longer seen as an easy target for the competition.

GFS sale makes sense

The sell-off of GFS also makes strategic sense and fits with Jordan's overall direction for the company. EDS has taken a good look at its operating units and assessed whether each is core to its positioning as a global IT/applications outsourcer and selective provider of BPO. Considered against the service elements that really make a difference to EDS's outsourcing customers, GFS looked increasingly "non-core".

Indeed, we see the sale of this support services unit as part of a broader trend in the outsourcing industry. The larger players are finding that they need to focus on two key drivers of client value and potential differentiation: industrialisation of service delivery, including effective use of the offshore-onshore model; and the leveraging of niche, often vertical-specific consulting and software assets to deliver genuine customisation and measurable change for the customer. A large onshore support services unit tends to be extraneous to such priorities. Better to partner with a specialist support services provider, albeit with stringent SLAs to protect the core relationship with the customer. Some of my colleagues have coined the term "vendorisation" to describe this growing tendency for farming out non-core functions within outsourcing contracts to other vendors.

Acquisitive Hamburg-based a&o group, which is picking up *"a long-term business relationship with EDS"* on the back of this latest purchase, is riding this "vendorisation" wave. Its increasingly multi-country assets in Europe could prove advantageous as it challenges the more nationally-focused support players (like Phoenix IT in the UK) for contracts with the large, international outsourcers.

(Phil Codling)

GETRONICS FACES UP TO TOUGH FUTURE

Recent times at Getronics have not been the easiest. The support services company is struggling with profitability and has seen its EBITA margin slip from 4.3% (in H1 2005) to 2.5% (in H1 2006). The company has undertaken divestments and a cost-cutting programme (i.e. making redundancies) to address this, and is also looking at how it can make its delivery systems more efficient. The latter is a longer-term play and we see any margin benefit in the short term relating to those cost-cutting exercises.

However, there is only so much 'fat' that can be cut. Sustainable, acceptable margins that guarantee Getronics' survival will have to come from improved delivery mechanisms and the provision of higher-value services. These must start to trickle through soon - otherwise Getronics could find itself vulnerable to predatory buyers. Indeed, Dutch press reports linked KPN to the company only last month. In addition to this, Getronics has had to deal with the departure of its CFO, who reportedly left because of a boardroom dispute over *"incorrect"* figures. All round, then, financial issues represent a bit of a headache for the Dutch company.

So apart from getting leaner and delivering services in a more efficient way, what else is Getronics doing to attain profitable growth? The company has just launched its refreshed managed desktop services offering, called Future-Ready Workspace (FRW). And, given that workspace management accounts for 50% of its services revenues, it's an important part of its strategy. FRW is a collection of modular desktop support services, such as email, Microsoft Office and security. Getronics takes responsibility for the design, transition and ongoing support of the desktop services - at a fixed monthly price. And this ties in with the ambitions it has around optimising its delivery of services. In this case, automating support/fixes/rollouts where possible, using channel partners more optimally and making use of support centres in lower cost locations.

This isn't ground-breaking stuff,

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although it still represents an opportunity for Getronics. But in order for FRW to really gain traction, Getronics needs to ink some sizeable, multi-country deals. We think one opportunity to do so is working with outsourcers, who want to subcontract out this element of their larger outsourcing deal. Outsourcers are continuing to move away from the provision of what they consider to be commoditised services - but that doesn't mean Getronics can't make a living here - especially if it can get its delivery engine motoring. Because for Getronics, it's a step-up from the break/fix services it has spent many years providing.

In addition, a clear client-side trend has been the growth of multi-sourced contracts. In these situations, Getronics could potentially make a name for itself as a desktop specialist, and pick up the corresponding slice of the overall outsourcing contract.

The success of FRW is also partly reliant upon Getronics being able to deliver services internationally. Getronics needs to develop its capability to deliver across multiple countries in a standardised way and to consistent service levels. This is yet to be achieved. It is trying to find the optimal balance between the management of incidents by 'feet on the street' versus remote management. Channel partners will play a key role here in filling geographical gaps where Getronics decides it is uneconomical to have a physical presence.

And while there is an opportunity for Getronics to pick up the slack left by outsourcers as they move up and away from the desktop, it will have to fight the likes of Atos Origin, Fujitsu Services and others for that piece of the pie. Furthermore, this is a difficult market for suppliers to differentiate their offerings, as most customers now accept the desktop is commoditised.

So, the challenges for Getronics are multi-fold. Times are tough financially - and its share price has almost halved (to €5.70 on 16 November) in 2006. It's got its work cut out to address the issue of profitability - and we see this as being an uphill struggle to say the least. FRW is absolutely key to its progression from 'plain old' break-fix player to a supplier of managed services delivered using all the methods its competitors are also looking to apply. Getronics has a lot to prove.

(Kate Hanaghan)

-10%
290p
phoenix

PHOENIX MOTORING DESPITE CONTRACT 'DIP'

Support services company, Phoenix IT, has released its results for the six months to the-end-of September 2006. Total revenues declined marginally from £54.8m to £54.4m. Within its core IT services business revenue declined 4.6% to £45.2m - largely due to the decline in value of a key government contract. Despite this, operating margin improved slightly from 17.6% to 17.8%. The company generated cash of £13.7m - down from £14.9m in the comparable period last year *"due to the timing of trade creditor payments"*.

During this period, the company also reported its acquisition of Servo.

Comment: Overall, Phoenix has finished the first six months of the financial year in good health. The underlying business is "growing well", with the order book up 25%. Drilling down a little, it's clear that the disaster recovery business has been a source of good growth, while the core IT services business has struggled a little under the weight of extended sales cycles. Throw into the mix the impact from the revised conditions of the DWP contract, and we think Phoenix has done well to maintain revenues and grow the operating margin.

The progress within the disaster recovery business is notable and reflects what we consider to be a market with good growth opportunities. During the period, the Disaster Recovery operation sealed its largest ever contract - worth £700k over three years. Couple this with the latest acquisition by Phoenix (of SME-focused support company, Servo), and you have two good entry points into relatively strong markets.

Even within its core IT services business (which is conducted almost solely through its partnership network) there are positive signs despite the 4.6% decline in revenues in H1. There's an interesting dynamic between Phoenix, the large outsourcers (i.e. its partners) and the offshore companies - and it's one that is benefiting Phoenix. For many outsourcers, the way to combat the commoditisation of the lower end of the IT services market is to simply not play there. So for example, certain desktop activities are increasingly being pushed out to subcontractors. That's good news, not just for

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Phoenix, but for the other support-oriented players who can pick up the slack as the outsourcers concentrate on what they consider to be more valuable work. The emergence of Indian offshore companies is heightening competition in the UK market and therefore accelerating this trend. It is also creating new partnership opportunities for Phoenix - which is reflected in the growing amount of work it is doing with some of the very largest offshore players.

All in all, Phoenix has had a good H1 and there are clear signs that the rest of the year will also be solid. In a market where price pressure and declining contract values are a fact of life, the company's access to new revenue streams (through new service lines and new partnerships) will prove critical.

(Kate Hanaghan)

10%
81p

Anite

ANITE FINDS NEMO

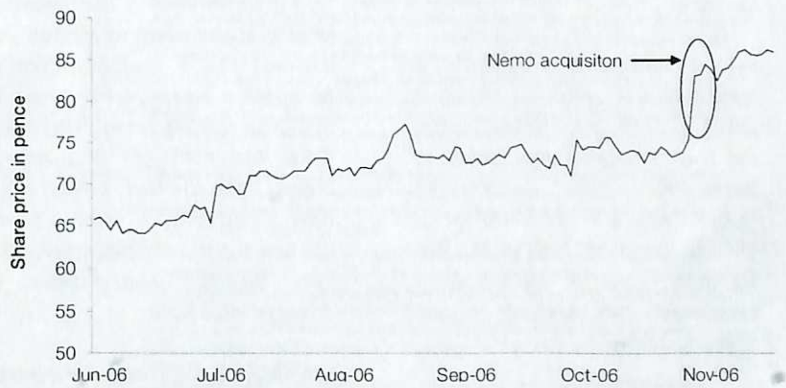
Anite, the telecoms, public sector, and travel sector software and services company, is to acquire Nemo, a fast growing Finnish mobile network testing solutions company for €85m (£57m) - with an additional £8m payable depending on performance.

Nemo generated revenue of €22m (£15m) in the year ended 31 December 2005, up 77% on 2004. Its profitability is even more impressive, with operating profit from continuing operations of €8.4m (£5.6m), a 38% margin. Unsurprisingly, Nemo will be earnings enhancing (before amortisation of intangibles and exceptional costs) in the first full year after the acquisition.

The purchase is to be funded through a £90m debt facility from LloydsTSB, and Anite expect the deal to close by the end of November. Shares in Anite rose by 10% to 83p on the day of the announcement, and were trading around 86p by 24th November.

Comment: This looks like a very good deal when one considers Nemo's mobile network testing business fits right alongside Anite's mobile phone testing business, adding several major mobile network operators to Anite's customer list in the process. Anite will now be able to cross-sell into Nemo's telecoms

Anite share price movement since 1st June 2006



Source: London Stock Exhange

operator client base (currently representing only 8% of telecoms revenue), and vice-versa, selling Nemo's network testing tools into Anite's mobile phone and chip manufacturing clients.

Nemo will help take Anite's telecoms sector business to at least 40% of total revenue and around 70% of operating profit - truly putting the telecoms segment at the "heart of the business", a strategic aim for Anite since 2004.

But what does it mean for the other two markets in which Anite plays? The outlook for the travel sector business (17% of FY06 revenue) is slightly more positive now. Anite continues to invest heavily in R&D for its @com product, targeted at high street travel agents, and now CEO Steve Rowley says that he is in a position to see growth in the future.

The outlook for the public sector business (42% of FY06 revenue) is not as rosy though. A reduction in growth from the local government market is holding the business back, although prospects improved recently due to the cancellation of the beleaguered State of Victoria contract earlier this year and the reduction of losses from Pericles, the struggling revenue & benefits system. Rowley still seems open minded about an acquisition or sale in this sector. But given that the company is about to spend more than £60m on Nemo, we feel that the likelihood of a sale of all or part of the public sector business (rather than a purchase) has now increased.

(Samad Masood)

FUJITSU SERVICES HOPES FOR EUROPEAN EXPANSION

We recently caught up with Fujitsu Services at its annual analysts conference. Speakers included CEO David Courtley, who said that the company expects revenues in the year to March 2007 of £2.48bn, representing mostly organic growth of 8% (versus about 10% organic last year). Operating margin is expected to be up at 7%. Order backlog will probably be flat at £6.40bn.

Fujitsu has re-invented itself as a successful and focused infrastructure outsourcer that's ready to strengthen its position in application and process outsourcing, and break out of its UK government heartland. But it's got issues to fix before it becomes a serious pan-European player.

It must strengthen its position in private-sector markets if it's going to ride the current wave of "growth agenda" spending by corporations, who are now supplementing government as the driver of demand growth. It must get its global sourcing strategy sorted, particularly if it's to expand beyond the public sector. It must clarify its BPO strategy and show how it's differentiated. And it must make mid-sized (or larger) acquisitions outside Finland and Spain in Continental Europe.

We saw evidence of progress on many of these issues. Executives hinted strongly of a significant acquisition involving an IT services supplier (rather than a "captive operation") in France and/or Germany. This should give Fujitsu benefits of scale for its non-government businesses (chiefly finance and retail), not to mention greater credibility among potential pan-European customers. It will bring execution risks, but the right acquisition should give it new customers, new capabilities and new channels for existing offerings. That would make Fujitsu a stronger competitor.

We expect Fujitsu either to take full control of Zensar, the Indian operation of which it owns 30% by March 2007 or, failing that, it should sell out and build or buy something else. We also expect it to get serious about turning its Russian facility into an offshore powerhouse. Again, this would help Fujitsu expand beyond UK government.

We also think Fujitsu could do a better job of identifying and exploiting assets hidden around the company. We heard about some interesting products and services from Fujitsu operations in Spain and Japan that could surely have been commercialised in Europe sooner than will be the case. Fujitsu should also do more to link the UK, North American and Asian IT services operations, which together are bigger than Accenture. Partly this would drive economies and benefits of scale, but it would also help these operations be seen as a global player by major corporations.

We like how Fujitsu Services is organically building a business-consulting capability (250 business consultants so far) to win new deals and pull through outsourcing revenue, and how it's using open-book and risk/reward techniques to drive customer value and loyalty. But we're getting hints that Fujitsu is pushing risk-reward outsourcing into areas well beyond its current comfort zone. It must be careful here.

Overall, Fujitsu is doing the right things. It's in good shape, beating the market for revenue growth and getting margins closer to respectability. Its parent may well reward it by bankrolling a significant acquisition.

(Douglas Hayward)

"Who are you?"

An Evening with Richard Holway

On 14th December, Richard Holway will be hosting the Prince's Trust Technology Leadership Group Christmas Reception at the V&A - sponsored by Deloitte. Bookings are looking very good but there are still a few places left. Many people are bringing their partners as the evening includes an exclusive, private viewing of the Da Vinci exhibition.

The "Who are you?" title neatly encapsulates practically every one of the themes Holway has been talking about in his 20 years as an analyst. "Acquisition Indigestion", "Boring companies", "IT's all over now?", "Stick to the knitting", "Eve of Disruptionî - all with a new perspective.

Tickets cost £250 each, or £400 for a double ticket with the proceeds going to benefit disadvantaged young people on the Trust's Business Programme.

More details can be found on the Prince's Trust website or by emailing **tlg@princes-trust.org.uk**

Mergers & Acquisitions - November

Buyer	Seller	Seller Description	Acquiring	Price	Comment
a&o	EDS	Business and IT process outsourcing provider	100%	Undisclosed	Acquisitive a&o, which is picking up "a long-term business relationship with EDS" on the back of this latest purchase, is riding the "vendorisation" wave. Its increasingly multi-country assets in Europe could prove advantageous as it challenges the more nationally-focused support players (like Phoenix IT in the UK) for contracts with the large, international outsourcers.
Axon	Premier HR	Provider of SAP-based HR implementation	100%	$11.5m + $3m	Another small step in Axon's long-term plan to reach revenues of £250m by the end of 2008 (it's about half way there already). Since PremierHR is unlikely to bring major revenues given the deal size, the logic of the deal would lie in Axon exploiting PremierHR's repeatable intellectual property (such as Rapid HR), its customer relationships, and its ties with SAP America.
Capita	Synaptic Systems	Pension research and analysis software provider	100%	Undisclosed	Synaptic will fit into Capita's new Enabler initiative, which brings together the previous acquisitions of Webline and Quay Software in order to provide an integrated platform for IFAs to find, research, receive quotes and apply for financial products. Capita's plan is to manage this whole end-to-end process for IFA's, while also seizing any opportunities to provide additional BPO services to this client base.
Dell	ACS	IT services company	100%	Undisclosed	Although not the first, an acquisition by Dell is nonetheless a rare event, having consistently relied on organic growth generated by its 'Dell effect' over the years. Making the exception in this instance will have been done with one eye on the upcoming adoption of new Microsoft technologies by enterprise clients (i.e. Vista, Office 12 and Longhorn) and another eye on the need for Dell to engage earlier with clients on infrastructure-related decisions. On both of these points, acquiring ACS gets Dell into a client-facing position it could not realistically have achieved organically. The addition of ACS will initially benefit Dell's UK business (where ACS claims a number of high profile clients especially in financial services) but the company intends to build out application packaging as a global offering from Dell Services.
EDS	GEMS	SAP integration and support services provider	100%	Undisclosed	The attitude we pick up from most large S/ITS firms these days is: we have the resources and the desire to do acquisitions and will keep our eyes open, but smaller bolt-ons are more likely than big-bangs. Hence, for example, EDS's move for GEMS - it's low-risk, but it adds some useful skills and business in two areas the company has an overarching strategy to increase (i.e. applications work, particularly on SAP, and offshore capability). We don't dismiss the possibility of a surprise, but it looks as though the best shorter-term prospects for really sizeable, industry-landscape-shifting deals are to be found in the plans of the private equity players.
Micro Focus	HAL Knowledge Solutions	Provider of information management software	100%	$3.5m	The HAL product set is now referred to as the Micro Focus Application Portfolio Management (APM) solution. APM is an important capability to help Micro Focus make the transition from a COBOL tools vendor to a supplier of application modernization tools and services. APM tools provide some of the insights necessary for large IT organizations to modernize their legacy inventory.
Oracle	Stellent	Provider of content management software	100%	$440m	Stellent is a good buy for Oracle, which needed a credible ECM suite to compete against IBM, EMC, and the newly expanded Open Text following the latter's acquisition of Hummingbird. These three being the only companies earning more than $100 million from ECM licence revenues, the others the market lagging far behind.
TCS	TKS-Teknosoft	Swiss banking partner	100%	€63m	This is a continuation of the trend for offshore companies to buy onshore consultancy and intellectual property assets in order to be closer to their clients and grow their product portfolios. Wipro in particular has been very active over the past year, buying niche companies across Europe and the US to add IP to specific business lines. In comparison, TCS has been less active, but more diverse in its choice and location of acquisitions outside of India. For example, earlier this year it acquired a BPO company in Chile, and now TKS and TCSM add software assets and consultancy respectively.
TCS	TCS Management	Australia-based consultancy firm	100%	€1m	While these are still comparatively small deals, they do give TCS a stronger foothold in Continental Europe and Australia. That's good because both regions have historically been more resistant to offshore services than the US and the UK, and an established presence onshore is a valuable differentiator. Clearly TCS is getting more comfortable with M&A, and we expect it to start buying ever larger businesses over the next few years.
The Innovation Group	First Notice Systems	Claim-reporting' outsourcing services provider	100%	£27.1m	TiG has now acquired six businesses in 2006, and FNS is the most significant and strategic acquisition of the lot. More than 20% of TiG's business already comes from North America, but this is all from software sales. Now with FNS TiG can begin cross-selling claims processing BPO services into its US software clients. This will enable the company to continue rebalancing its business further towards outsourcing services and benefit from the recurring revenues that come with it.
The Innovation Group	Holmwoods and Back and Manson	Travel insurance administration business	100%	£4.5m	The HBM acquisition is a 'bolt-on' purchase, and reflects the maturity of its model in South Africa, where TiG is already quite strong in outsourcing. In fact, South Africa accounted for c40% of TiG's total revenue in the most recent first half.
Vodafone	Aspective	IT services provider	100%	Undisclosed	Aspective is a UK-based consultancy that specialises in the mobilisation of CRM and salesforce applications (with core competency in Microsoft and Seibel). It is expected to drive Vodafone's channel strength and market reach and help it move deeper into organisations helping them with business process consulting, design and integration. Aspective has a number of 'blue chip' customers; its two biggest customers are also Vodafone customers.

Recent IPOs

Name	Activity	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Nov 06	Change since IPO
SimGon	Training simulation softw are	SP	AIM	88p	£33m	02-Nov-06	85p	-3.4%

Forthcoming IPOs

Name	Activity	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
IT&e	Financial and banking technology consultants	CS	AIM	n/a	n/a	n/a

UK software and IT services share prices and market capitalisation - November 2006

	SCS Cat.	Share Price 30-Nov-06	Capitalisation 30-Nov-06	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Nov-06	Share price move since 31-Oct-06	Share price % move in 2006	Capitalisation move since 31-Oct-06
@UK plc	SP	0.20	7.51	NA	5.17	305.34	0%	-69%	£0.00m
Alphameric	SP	0.53	69.94	10.1	0.95	241.97	-27%	-41%	-£16.83m
Alterian	SP	1.01	41.09	29.7	3.87	505.00	-12%	-24%	-£5.49m
Anite Group	CS	0.81	282.32	81.0	1.49	473.68	10%	19%	£26.14m
Ascribe	SP	0.38	40.10	36.4	7.50	1,973.68	0%	7%	£0.00m
Atelis plc	SP	0.07	1.81	NA	NA	337.21	-40%	-66%	-£1.19m
Atlantic Global	SP	0.14	3.07	NA	1.44	457.63	0%	-37%	£0.00m
Autonomy Corporation	SP	5.16	926.70	NA	16.90	157.51	7%	32%	£37.28m
Aveva Group	SP	7.15	477.12	58.9	7.24	3,575.00	20%	-23%	£78.07m
Axon Group	CS	5.28	313.42	47.2	3.41	3,017.14	3%	93%	£8.46m
Bond International	SP	1.56	43.43	19.5	3.12	2,400.00	9%	58%	£3.76m
Brady	SP	0.39	9.94	NA	4.09	475.31	18%	22%	£1.55m
Business Systems	CS	0.11	8.46	11.5	0.24	92.44	5%	-35%	£0.38m
Capita Group	CS	5.74	3627.05	31.3	2.53	155,028.66	6%	38%	£307.79m
Centrom	CS	0.02	2.29	NA	0.36	250.00	-14%	-67%	-£0.38m
Charteris	CS	0.16	6.88	41.0	0.34	177.78	3%	-56%	£0.22m
Chelford Group	CS	2.03	14.39	11.3	1.21	352.18	-12%	-16%	-£1.95m
Civica	CS	2.66	165.56	231.3	1.56	1,519.60	4%	7%	£6.22m
Clarity Commerce	SP	0.57	9.09	9.8	0.68	456.00	-7%	-25%	-£0.64m
Clinical Computing	SP	0.08	2.40	NA	1.45	61.49	11%	-24%	£0.24m
CODASciSys	CS	1.63	125.47	NA	1.72	1,263.57	-6%	-61%	-£8.47m
Compel Group	CS	1.01	34.26	23.5	0.54	808.00	0%	13%	-£0.17m
Computacenter	R	2.46	391.30	14.6	0.17	367.16	-6%	-4%	-£26.64m
Computer Software Group	SP	1.17	70.61	40.2	5.02	995.74	-1%	75%	£5.40m
Cornwell Management Consultants	CS	0.27	4.76	4.2	0.27	193.90	2%	-64%	£0.09m
Corpora	SP	0.06	7.92	NA	3.04	157.89	7%	-51%	£0.50m
Dealogic	SP	1.58	112.32	NA	3.63	684.78	3%	7%	£3.57m
Delcam	SP	3.16	19.07	9.8	0.79	1,215.38	0%	-5%	£0.06m
Detica	CS	3.00	335.29	34.2	3.30	3,750.00	-8%	25%	-£27.66m
Dicom Group	R	2.26	197.00	32.8	0.94	692.83	-13%	9%	-£29.64m
Dillistone Group	SP	1.45	7.80	NA	NA	1,058.61	-1%	6%	-£0.11m
Dimension Data	R	0.44	681.51	32.0	0.49	78.60	19%	11%	£107.81m
DRS Data & Research	SP	0.38	13.15	NA	1.06	345.45	-6%	1%	-£0.78m
Electronic Data Processing	SP	0.62	15.01	60.9	2.15	1,883.04	-5%	-8%	-£0.85m
FDM Group	A	0.89	20.55	21.6	0.62	1,085.89	-14%	5%	-£3.25m
Ffastfill	SP	0.05	12.12	NA	4.57	41.67	33%	29%	£3.03m
Financial Objects	CS	0.50	23.69	NA	1.70	217.39	-3%	27%	-£0.71m
Flomerics Group	SP	0.66	9.63	10.4	0.84	2,519.23	-13%	-25%	-£1.40m
Focus Solutions Group	CS	0.49	14.01	108.9	2.58	251.28	81%	133%	£6.29m
GB Group	CS	0.37	30.57	NA	0.11	235.43	6%	7%	£1.67m
Gladstone	SP	0.25	12.93	14.1	1.69	625.00	-8%	6%	-£1.16m
Glotel	A	0.60	22.92	9.2	0.25	309.09	6%	-28%	£1.35m
Gresham Computing	CS	1.39	69.52	NA	4.97	1,491.94	9%	71%	£6.01m
Group NBT	CS	1.83	37.43	18.3	3.32	915.00	11%	60%	£3.78m
Harvey Nash Group	A	0.60	39.04	10.7	0.19	341.43	-10%	34%	-£4.41m
Highams Systems Services	A	0.05	1.59	NA	0.12	138.89	0%	60%	£0.00m
Horizon Technology	CS	0.64	51.63	12.6	0.27	233.53	-5%	-24%	-£2.64m
IBS OPENSystems	CS	1.91	76.20	NA	4.88	1,249.18	0%	19%	£0.00m
I S Solutions	CS	0.15	3.69	39.9	0.67	549.66	-19%	9%	-£0.88m
ICM Computer Group	CS	2.60	55.03	17.1	0.73	1,445.83	-19%	-22%	-£12.69m
IDOX	SP	0.05	8.40	5.0	0.59	5.78	-28%	-68%	-£3.27m
In Technology	CS	0.40	56.38	NA	0.20	1,600.00	5%	25%	£2.47m
InterQuest Group	A	0.85	21.41	12.1	0.78	1,469.57	5%	97%	£1.01m
Innovation Group	SP	0.28	178.41	NA	2.92	123.36	-4%	-6%	£45.33m
Intelligent Environments	SP	0.05	8.68	NA	2.78	57.18	-12%	65%	-£1.21m
Intercede Group	SP	0.67	22.59	NA	12.51	1,108.33	32%	96%	£5.43m
Invu	SP	0.28	31.32	22.4	9.95	2,947.34	4%	33%	£0.48m
iSOFT Group	SP	0.39	91.25	NA	0.35	356.82	-14%	-90%	-£13.19m
iTrain	SP	0.03	2.46	14.2	1.34	36.76	19%	-42%	£0.39m
IX Europe	CS	0.45	76.80	NA	3.41	1,459.02	-1%	46%	-£0.86m
K3 Business Technology	SP	1.13	19.28	NA	0.88	859.57	0%	37%	£0.09m
Kewill	SP	0.75	58.51	21.3	2.19	1,472.33	3%	3%	£1.57m
Knowledge Technology Solutions	SP	0.01	2.02	NA	1.62	275.00	0%	-21%	£0.00m
LogicaCMG	CS	1.76	2706.07	35.3	1.48	2,413.72	6%	-1%	£165.05m
Lorien	A	0.44	8.53	NA	0.07	435.00	-9%	10%	-£0.88m

Detica

Unfortunately there was an error in Detica's share price performance in SystemHouse last month, which did not take account of the recent share split. As you can see above, Detica has been one of the best performing shares this year with a 25% increase in 2006 to date. Indeed, Detica is the sixth best performing share of any company still in our Index with a 275% increase since their April 2002 IPO.

UK software and IT services share prices and market capitalisation - November 2006

	SCS Cat.	Share Price 30-Nov-06	Capitalisation 30-Nov-06	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Nov-06	Share price move since 31-Oct-06	Share price % move in 2006	Capitalisation move since 31-Oct-06
Macro 4	SP	2.09	46.58	15.3	1.41	840.73	4%	-20%	£1.90m
Manpower Software	SP	0.19	8.52	NA	1.97	198.45	-11%	-33%	-£1.11m
Maxima Holdings	CS	1.99	34.48	33.1	2.78	1,443.64	9%	28%	£5.35m
Mediasurface	SP	0.16	12.36	NA	2.29	1,176.47	14%	36%	£1.54m
Micro Focus	SP	1.80	357.83	42.8	4.73	0.00	25%	52%	£71.77m
Microgen	CS	0.56	56.89	13.3	1.39	239.32	19%	-24%	£9.14m
Minorplanet Systems	SP	0.42	12.11	NA	0.55	857.67	2%	-5%	£0.29m
Misys	SP	2.15	1074.44	NA	1.13	2,671.74	5%	-10%	£55.04m
Mondas	SP	0.16	5.60	NA	2.68	213.33	14%	23%	£0.70m
Morse	R	1.10	166.11	11.3	0.45	440.00	19%	15%	£26.80m
MSB International	A	0.72	14.66	NA	0.16	376.32	-1%	99%	-£0.15m
NCC Group	CS	2.61	85.10	18.6	4.10	1,562.87	0%	13%	£0.16m
Ncipher	SP	2.67	75.07	39.4	4.32	1,066.00	3%	28%	£1.83m
Netcall	SP	0.18	11.54	29.2	3.48	353.54	6%	35%	£0.66m
Netstore	CS	0.30	37.47	14.0	1.04	200.00	-8%	-22%	-£3.43m
Networkers International	A	0.34	2.51	55.8	0.13	1,046.88	0%	5%	£0.00m
Northgate Information Solutions	CS	0.84	448.81	21.0	1.35	324.04	5%	-1%	£21.31m
NSB Retail Systems	SP	0.29	107.83	7.0	2.23	2,543.48	6%	-10%	£6.45m
OneclickHR	SP	0.04	6.14	NA	1.04	103.13	-3%	-6%	-£0.19m
OPD Group	A	4.25	112.83	30.6	2.58	1,931.82	-1%	70%	-£0.93m
Parity	A	0.77	28.93	NA	0.21	708.33	34%	750%	£7.37m
Patsystems	SP	0.17	27.15	NA	1.76	158.88	5%	26%	£1.20m
Phoenix IT	CS	2.90	174.72	13.6	1.98	1,075.00	-10%	7%	-£15.51m
Pilat Media Global	SP	0.77	40.30	22.8	3.10	3,850.00	10%	73%	£3.79m
Pixology	SP	0.29	5.88	NA	1.30	207.78	-21%	-47%	-£1.52m
Planit Holdings	SP	0.29	26.10	21.9	0.93	1,187.50	1%	12%	£0.23m
Portrait Software	CS	0.15	12.95	NA	0.91	98.49	-6%	-43%	-£0.86m
Proactis Holdings	SP	0.60	17.92	23.8	NA	1,226.80	2%	23%	£0.30m
Prologic	CS	0.85	8.50	18.9	1.23	1,024.10	0%	38%	£0.00m
QinetiQ Group	CS	1.87	1214.93	NA	1.15	850.80	1%	-15%	£8.16m
Qonnectis	CS	0.01	2.19	NA	19.98	266.67	-11%	-53%	-£0.27m
Quantica	A	0.31	20.10	7.6	0.52	245.97	-25%	-48%	-£6.59m
Red Squared	CS	0.06	1.21	NA	0.49	329.67	4%	-9%	£0.05m
Retail Decisions	SP	2.04	160.41	22.4	2.93	2,748.74	1%	52%	£2.64m
RM	SP	1.71	156.34	NA	0.60	4,871.43	0%	8%	£2.33m
Royalblue Group	SP	9.50	311.91	30.0	4.20	5,588.24	3%	32%	£8.04m
Sage Group	SP	2.56	3316.38	21.7	4.27	98,557.69	7%	-1%	£210.31m
Sanderson Group	SP	0.53	21.95	NA	1.51	1,050.00	19%	0%	£3.55m
SDL	CS	2.13	132.68	43.7	1.69	1,420.00	-3%	-1%	-£4.36m
ServicePower	SP	0.13	10.45	NA	1.32	130.00	-48%	-58%	-£9.65m
Sirius Financial	SP	1.45	25.92	290.0	1.19	966.67	-3%	0%	-£0.43m
SiRViS IT plc	CS	0.04	4.13	40.3	0.52	31.52	0%	21%	£0.00m
smartFOCUS plc	SP	0.15	11.54	115.4	1.91	1,621.62	-8%	0%	-£0.96m
Sopheon	SP	0.21	28.95	NA	6.21	305.76	6%	9%	£1.70m
Spring Group	A	0.65	105.00	97.5	0.23	725.00	3%	5%	£3.22m
StatPro Group	SP	0.96	37.53	20.8	3.48	1,193.75	-9%	45%	-£3.93m
SThree Group plc	A	3.77	520.15	23.3	2.15	1,830.10	3%	75%	£16.56m
Stilo International	SP	0.03	2.48	NA	1.20	55.00	29%	5%	£0.56m
Strategic Thought	CS	1.00	26.08	10.2	2.27	738.01	4%	-26%	£1.04m
SurfControl	SP	4.25	133.53	NA	2.33	2,125.00	-11%	-19%	-£17.28m
Tadpole Technology	SP	0.01	4.47	NA	0.93	27.16	-55%	-69%	-£5.47m
Tikit Group	CS	2.32	29.22	136.5	1.45	2,017.39	-3%	32%	-£0.88m
Torex Retail	SP	0.56	217.68	NA	1.30	1,400.00	47%	-48%	£69.97m
Total Systems	SP	0.37	3.84	17.0	1.10	688.68	-8%	-9%	-£0.32m
Touchstone Group	SP	1.83	20.84	73.2	1.21	1,742.86	3%	35%	£0.57m
Trace Group	SP	1.00	14.79	13.8	1.03	796.00	0%	4%	£0.00m
Triad Group	CS	0.25	3.79	NA	0.09	185.19	-6%	-51%	-£0.23m
Ubiquity Software	SP	0.21	38.37	NA	5.14	527.64	-5%	-44%	-£1.83m
Ultima Networks	R	0.01	2.30	8.0	1.21	27.44	0%	-31%	£0.00m
Ultrasis Group	SP	0.01	18.85	NA	12.28	28.88	-2%	-29%	-£0.47m
Universe Group	SP	0.13	7.92	31.9	0.18	566.67	50%	-33%	£2.64m
Vega Group	CS	2.04	41.43	13.3	0.67	1,668.03	-15%	0%	-£7.12m
VI group	SP	0.11	4.01	NA	0.41	215.00	7%	30%	£0.28m
Xansa	CS	0.74	253.89	30.8	0.67	1,884.62	-7%	-18%	-£19.00m
XKO Group	SP	1.11	47.38	NA	1.06	740.00	13%	10%	£5.55m
Xpertise Group	CS	0.41	2.12	NA	0.16	1,620.00	2%	-51%	£0.04m

Note: We calculate PSR as market capitalisation divided by sales in the most recently announced financial year.
Main **SYSTEMHOUSE** S/ITS Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The SCS Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company. **Category Codes: CS** = Computer Services **SP** = Software Product **R** = Reseller **A** = IT Agency **O** = Other

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

@UK plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£828,000	£1,454,073	£978,000	+18.1%
PBT	-£128,000	-£1,683,883	-£1,260,000	Loss both
EPS	-0.70p	-8.50p	-3.30p	Loss both

Alphameric plc

	Interim - May 05	Final - Nov 05	Interim - May 06	Comparison
REV	£30,834,000	£73,493,000	£36,504,000	+18.4%
PBT	£3,292,000	£7,555,000	£2,823,000	-14.2%
EPS	2.40p	5.10p	1.80p	-25.0%

Alterian plc

	Final - Mar 05	Final - Mar 06	Comparison
REV	£7,806,000	£10,629,000	+36.2%
PBT	-£643,000	£889,000	Loss to profit
EPS	-0.04p	3.20p	Loss to profit

Anite Group plc

	Final - Apr 05	Final - Apr 06	Comparison
REV	£189,403,000	£164,667,000	-13.1%
PBT	£6,820,000	£10,449,000	+53.2%
EPS	0.50p	2.50p	+400.0%

Ascribe plc

	Interims - Dec 04	Finals - Jun 05	Interims - Dec 05	Comparison
REV	£1,644,000	£5,347,000	£4,537,000	+176.0%
PBT	-£4,000	£794,000	£717,000	Loss to profit
EPS	-0.16p	0.65p	0.44p	Loss to profit

Atlantic Global plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£2,146,000	£2,137,000	-0.4%
PBT	£188,000	-£631,000	Profit to loss
EPS	0.50p	-2.69p	Profit to loss

Autonomy Corporation plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£20,834,010	£54,834,272	£63,348,936	+204.1%
PBT	£3,509,100	£7,210,588	£11,537,366	+228.8%
EPS	0.03p	0.04p	0.04p	+33.3%

Aveva Group plc

	Interim - Sep 05	Final - Mar 06	Interim - Sep 06	Comparison
REV	£29,036,000	£65,930,000	£45,936,000	+58.2%
PBT	£4,406,000	£11,155,000	£12,770,000	+189.8%
EPS	4.16p	36.13p	13.25p	+218.5%

Axon Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£40,393,000	£91,799,000	£63,437,000	+57.0%
PBT	£3,546,000	£8,128,000	£5,593,000	+57.7%
EPS	4.30p	10.50p	6.30p	+46.5%

Bond International Software plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£5,831,000	£13,924,000	£7,434,000	+27.5%
PBT	£1,021,000	£2,668,000	£1,220,000	+19.5%
EPS	2.96p	7.82p	3.36p	+13.5%

Brady plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£1,530,585	£2,431,609	£1,718,798	+12.3%
PBT	-£283,610	-£1,035,046	-£193,443	Loss both
EPS	-0.86p	-2.70p	-0.63p	Loss both

Business Systems Group Holdings plc

	Final - Mar 05	Final - Mar 06	Comparison
REV	£29,485,000	£34,639,000	+17.5%
PBT	£576,000	£782,000	+35.8%
EPS	0.90p	0.92p	+2.2%

Capita Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£687,300,000	£1,435,500,000	£845,000,000	+22.9%
PBT	£74,500,000	£153,100,000	£92,400,000	+24.0%
EPS	7.92p	16.05p	10.29p	+29.9%

Charteris plc

	Final - Jul 05	Final - Jul 06	Comparison
REV	£19,290,000	£20,089,000	+4.1%
PBT	£891,000	£359,000	-59.7%
EPS	1.28p	0.38p	-70.3%

Chelford Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£6,494,000	£14,494,000	£9,162,000	+41.1%
PBT	£702,000	£1,367,000	£231,000	-67.1%
EPS	7.85p	17.98p	1.43p	-81.8%

Civica plc

	Interim - Mar 05	Final - Sep 05	Interim - Mar 06	Comparison
REV	£49,576,000	£106,028,000	£56,499,000	+14.0%
PBT	£559,000	£2,501,000	-£2,145,000	Profit to loss
EPS	-1.80p	1.10p	-4.70p	Loss both

Clarity Commerce Solutions plc

	Final - Mar 05	Final - Mar 06	Comparison
REV	£16,310,000	£18,884,000	+15.8%
PBT	£513,000	£953,000	+85.8%
EPS	2.36p	5.80p	+145.8%

Clinical Computing plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£710,322	£1,655,806	£967,698	+36.2%
PBT	-£895,582	-£1,538,499	-£464,112	Loss both
EPS	-2.30p	-4.40p	-1.50p	Loss both

CODASciSys plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£35,306,000	£72,771,000	£39,221,000	+11.1%
PBT	£3,289,000	£7,666,000	£3,616,000	+9.9%
EPS	9.80p	22.60p	11.60p	+18.4%

Compel Group plc

	Final - Jun 05	Final - Jun 06	Comparison
REV	£79,103,000	£92,647,000	+17.1%
PBT	£1,346,000	£2,258,000	+67.8%
EPS	3.40p	4.20p	+23.5%

Computacenter plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£1,151,553,000	£2,285,209,000	£1,114,939,000	-3.2%
PBT	£8,221,000	£34,012,000	£14,524,000	+76.7%
EPS	1.20p	10.90p	4.30p	+258.3%

Computer Software Group plc

	Final - Feb 05	Final - Feb 06	Comparison
REV	£14,072,000	£25,156,000	+78.8%
PBT	£928,000	£2,347,000	+2.9%
EPS	3.19p	2.89p	-9.4%

Cornwell Management Consultants plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£10,001,000	£20,720,174	£11,528,000	+15.3%
PBT	£969,000	£1,579,959	-£476,000	Profit to loss
EPS	4.10p	6.40p	-2.30p	Profit to loss

Corpora plc

	Final Jun 05	Final Jun 06	Comparison
REV	£1,930,101	£2,601,888	+34.8%
PBT	-£4,844,338	-£8,474,846	Loss both
EPS	-11.50p	-4.60p	Loss both

DCS Group plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£42,200,000	£35,100,000	-16.8%
PBT	£2,100,000	-£3,400,000	Profit to loss
EPS	10.38p	-4.19p	Profit to loss

Dealogic Holdings plc

	Interim - Jun 05	Final - Dec 05	Interim - Ju8nn 06	Comparison
REV	£16,715,263	£36,280,700	£20,474,736	+22.5%
PBT	£5,801,578	£14,314,300	£7,584,789	+30.7%
EPS	3.89p	10.78p	5.11p	+31.4%

Delcam plc

	Interim - Jun 05	Final- Dec 05	Interim - Jun 06	Comparison
REV	£11,835,000	£24,011,000	£13,466,000	+13.8%
PBT	£1,084,000	£2,337,000	£1,208,000	+11.4%
EPS	15.60p	32.30p	16.40p	+5.1%

Detica Group plc

	Interim - Sep 05	Final - Mar 06	Interim - Sep 06	Comparison
REV	£43,466,000	£101,504,000	£68,333,000	+57.2%
PBT	£4,647,000	£11,419,000	£5,889,000	+26.7%
EPS	3.60p	42.70p	3.70p	+2.8%

Dicom Group plc

	Final - Jun 05	Final - Jun 06	Comparison
REV	£179,795,000	£209,219,000	+16.4%
PBT	£10,479,000	£12,055,000	+15.0%
EPS	9.10p	8.40p	-7.7%

Dimension Data Holdings plc

	Interim - Mar 05	Final - Sep 05	Interim - Mar 06	Comparison
REV	£662,917,640	£1,571,761,404	£830,913,030	+25.3%
PBT	£12,077,110	£28,800,244	£16,556,262	+37.1%
EPS	0.32p	0.78p	1.09p	+240.6%

DRS Data & Research Services plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£6,325,000	£12,452,000	£8,985,000	+42.1%
PBT	-£277,000	£17,000	£336,000	Loss to profit
EPS	-0.68p	-0.02p	0.63p	Loss to profit

Electronic Data Processing plc

	Interim - Mar 05	Final - Sep 05	Interim - Mar 06	Comparison
REV	£3,472,000	£6,971,000	£3,274,000	-5.7%
PBT	£216,000	£431,000	£218,000	+0.9%
EPS	0.60p	1.01p	0.82p	+36.7%

FDM Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£16,438,000	£35,068,000	£21,119,000	+28.5%
PBT	£408,000	£1,565,000	£1,258,000	+208.3%
EPS	0.60p	4.10p	3.60p	+500.0%

Flastfill Plc

	Final - Mar 05	Fi8nal - Mar 06	Comparison
REV	£4,327,000	£4,753,000	+9.8%
PBT	-£2,879,000	-£3,328,000	Loss both
EPS	-1.60p	-1.14p	Loss both

Financial Objects plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£5,589,000	£13,916,000	£10,452,000	+87.0%
PBT	-£144,000	-£183,000	£649,000	Loss to profit
EPS	-0.47p	-0.52p	1.51p	Loss to profit

Flomerics Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£5,256,000	£11,424,000	£5,677,000	+8.0%
PBT	£295,000	£966,000	£91,000	-69.2%
EPS	1.49p	6.01p	0.46p	-69.1%

Focus Solutions Group plc

	Final - Mar 05	Final - Mar 6	Comparison
REV	£5,431,000	£6,585,000	+21.2%
PBT	£26,000	£128,000	+392.3%
EPS	0.10p	0.45p	+350.0%

GB Group plc

	Final - Mar 05	Final - Mar 06	Comparison
REV	£283,522,000	£284,729,000	+0.4%
PBT	-£2,465,000	-£12,112,000	Profit to loss
EPS	-1.84p	-8.26p	Profit to loss

Gladstone Plc

	Interim - Feb 05	Final - Aug 05	Interim - Feb 06	Comparison
REV	£3,912,157	£8,411,642	£4,314,130	+10.3%
PBT	£130,925	£195,919	£381,634	+191.5%
EPS	0.28p	0.38p	0.71p	+153.6%

Glotel plc

	Final - Mar 05	Final - Mar 06	Comparison
REV	£119,496,000	£134,175,000	+12.3%
PBT	£2,571,000	£4,020,000	+56.4%
EPS	4.70p	6.40p	+36.2%

Gresham Computing plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£6,634,000	£13,982,000	£6,967,000	+5.0%
PBT	-£742,000	-£1,246,000	-£433,000	Loss both
EPS	-1.27p	-2.20p	-0.76p	Loss both

Group NBT plc

	Interims - Dec 04	Final - Jun 05	Interims-Dec 05	Comparison
REV	£5,413,000	£11,280,000	£6,164,000	+13.9%
PBT	£676,000	£1,690,000	£967,000	+43.0%
EPS	3.29p	8.30p	3.07p	-6.7%

Harvey Nash Group plc

	Interim - Jul 05	Final - Jan 06	Interim - Jul 06	Comparison
REV	£92,705,000	£202,294,000	£121,246,000	+30.8%
PBT	£1,732,000	£4,003,000	£2,649,000	+52.9%
EPS	2.30p	5.05p	2.58p	+12.2%

Highams Systems Services Group plc

	Final - Mar 05	Final - Mar 06	Comparison
REV	£13,512,000	£17,997,000	+33.2%
PBT	-£511,000	-£13,000	Loss both
EPS	-1.86p	-0.05p	Loss both

Horizon Technology Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£64,892,430	£205,876,300	£90,541,800	+39.5%
PBT	£2,254,230	£4,647,300	£2,157,630	-4.3%
EPS	3.12p	5.11p	1.87p	-40.1%

IBS OPENSystems plc

	Interim - Jun 05	Final -Dec 05	Interim - Jun 06	Comparison
REV	£5,216,000	£15,623,000	£9,383,000	+79.9%
PBT	£991,000	£3,331,000	£1,398,000	+41.1%
EPS	2.70p	6.00p	1.40p	-48.1%

ICM Computer Group plc

	Final - Jun 05	Final - Jun 06	Comparison
REV	£77,628,000	£75,680,000	-2.5%
PBT	£4,438,000	£4,759,000	+7.2%
EPS	14.90p	15.00p	+0.7%

IDOX plc

	Interim - Apr 05	Final - Oct 05	Interim - Apr 06	Comparison
REV	£7,024,000	£14,155,000	£6,912,000	-1.6%
PBT	£214,000	£876,000	£1,000	-99.5%
EPS	0.12p	0.85p	-0.07p	Profit to loss

Innovation Group plc (The)

	Interim - Mar 05	Final - Sep 05	Interim - Mar 06	Comparison
REV	£28,772,000	£60,916,000	£38,543,000	+34.0%
PBT	£1,078,000	-£11,344,000	£4,293,000	+298.2%
EPS	0.16p	-2.94p	0.75p	+368.8%

InTechnology plc

	Final - Mar 05	Final - Mar 06	Comparison
REV	£283,522,000	£284,729,000	+0.4%
PBT	-£2,465,000	-£12,112,000	Loss both
EPS	-1.84p	-8.26p	Loss both

Intelligent Environments Group plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£3,074,928	£3,120,506	+1.5%
PBT	-£452,796	-£231,667	Loss both
EPS	-0.23p	-0.15p	Loss both

Intercede Group plc

	Final - Mar 05	Final - Mar 06	Comparison
REV	£1,806,000	£2,142,000	+18.6%
PBT	-£426,000	-£382,000	Loss both
EPS	-0.70p	-0.90p	Loss both

InterQuest Group plc

	Interim - Jun 05	Final- Dec 05	Interim - Jun 06	Comparison
REV	£12,558,585	£27,598,849	£22,516,190	+79.3%
PBT	£549,133	£1,370,527	£806,975	+47.0%
EPS	1.80p	6.60p	1.80p	+0.0%

IN VU plc

	Interim - Jul 05	Final - Jan 06	Interim - Jul 06	Comparison
REV	£1,680,000	£4,775,000	£2,065,000	+22.9%
PBT	£60,000	£1,248,000	-£3,000	Profit to loss
EPS	0.06p	1.23p	0.00p	Profit to loss

iSOFT Group plc

	Final - Apr 05	Final - Apr 06	Comparison
REV	£261,992,000	£201,695,000	-23.0%
PBT	£44,524,000	-£343,750,000	Profit to loss
EPS	10.97p	-165.10p	Profit to loss

IS Solutions plc

	Interim -Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£2,573,000	£5,085,000	£3,376,000	+31.2%
PBT	£105,000	£108,000	£128,000	Loss to Profit
EPS	0.40p	0.35p	0.51p	Loss to Profit

iTrain plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£947,655	£1,829,645	£645,741	-31.9%
PBT	£33,494	£203,255	-£268,787	Profit to loss
EPS	n/a	0.22p	n/a	n/a

K3 Business Technology Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£9,344,000	£22,029,000	£12,733,000	+36.3%
PBT	£59,000	£279,000	£50,000	-15.3%
EPS	-1.20p	-1.40p	-1.70p	Loss both

Kewill Systems plc

	Interim - Sep 05	Final - Mar 06	Interim - Sep 06	Comparison
REV	£13,699,000	£31,648,000	£19,100,000	+39.4%
PBT	£1,339,000	£1,601,000	£356,000	-73.4%
EPS	1.50p	3.30p	0.90p	-40.0%

Knowledge Technology Solutions Plc

	Final - Jun 04	Final - Jun 05	Comparison
REV	£770,185	£1,250,474	+62.4%
PBT	-£904,161	-£966,536	Loss both
EPS	-0.71p	-0.65p	Loss both

LogicaCMG plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£891,700,000	£1,834,100,000	£1,243,100,000	+39.4%
PBT	£37,700,000	£105,600,000	£29,500,000	-21.8%
EPS	2.90p	7.40p	0.70p	-75.9%

Lorien plc

	Final - Nov 04	Final Nov 05	Comparison
REV	£122,714,000	£129,161,000	+5.3%
PBT	£1,152,000	£34,000	-97.0%
EPS	6.90p	-0.01p	Profit to loss

Macro 4 plc

	Final - Jun 05	Final - Jun 06	Comparison
REV	£33,103,000	£31,742,000	-4.1%
PBT	£2,779,000	£4,005,000	+44.1%
EPS	13.00p	12.80p	-1.5%

Manpower SoftWare plc

	Final - May 05	Final - May 06	Comparison
REV	£5,909,466	£4,333,238	-26.7%
PBT	£336,139	-£1,745,233	Profit to loss
EPS	0.70p	-3.90p	Loss to profit

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Maxima Holdings plc

	Final - May 05		Final - May 06	Comparison
REV	£8,076,167		£19,132,000	+136.9%
PBT	£1,038,016		£1,524,000	+46.8%
EPS	8.30p		5.90p	-28.9%

Mediasurface plc

	Interim - Mar 05	Final - Sep 05	Interim - Mar 06	Comparison
REV	£3,661,081	£6,796,433	£4,438,840	+21.2%
PBT	£139,747	-£811,609	£350,342	+152.5%
EPS	0.20p	-1.00p	0.40p	+100.0%

Micro Focus International plc

	Final - Apr 05		Final - Apr 06	Comparison
REV	£81,198,000		£75,625,263	-6.9%
PBT	£14,903,000		£11,872,263	-20.3%
EPS	7.51p		4.63p	-38.3%

Microgen plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£21,227,000	£40,782,000	£19,608,000	-7.6%
PBT	£3,561,000	£5,530,000	£2,857,000	-19.8%
EPS	2.50p	4.10p	1.90p	-24.0%

Minorplanet Systems Plc

	Interim - Feb 05	Final - Aug 05	Interim - Feb 06	Comparison
REV	£11,400,000	£22,000,000	£10,900,000	-4.4%
PBT	-£3,100,000	-£19,200,000	-£100,000	Loss both
EPS	-244.00p	-12.00p	0.00p	Loss both

Misys plc

	Final - May 05		Final - May 06	Comparison
REV	£888,400,000		£953,300,000	+7.3%
PBT	£27,600,000		£226,600,000	+721.0%
EPS	12.30p		43.60p	+254.5%

Mondas plc

	Final - Apr 05		Final - Dec 05	Comparison
REV	£4,592,675		£2,091,456	n/a
PBT	-£1,384,081		-£1,446,579	Loss both
EPS	-5.30p		-5.40p	Loss both

Morse plc

	Final - Jun 05		Final - Jun 06	Comparison
REV	£429,531,000		£367,120,000	-14.5%
PBT	£2,909,000		£16,965,000	+483.2%
EPS	0.80p		9.50p	+1087.5%

MSB International plc

	Interim - Jul 05	Final - Jan 06	Interim - Jul 06	Comparison
REV	£47,115,000	£95,660,000	£49,843,000	+5.8%
PBT	£163,000	-£558,000	£695,000	+326.4%
EPS	0.54p	-2.89p	1.06p	+96.3%

NCC Group plc

	Final - May 05		Final - May 06	Comparison
REV	£18,786,000		£20,747,000	+10.4%
PBT	£5,417,000		£6,551,000	+20.9%
EPS	10.00p		13.60p	+36.0%

Ncipher Plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£7,967,000	£17,380,000	£10,439,000	+31.0%
PBT	£1,548,000	£3,739,000	£719,000	-53.6%
EPS	4.70p	10.62p	0.50p	-89.4%

Netcall plc

	Final - Jun 05		Final - Jun 06	Comparison
REV	£2,822,086		£3,134,500	+11.1%
PBT	£158,059		£391,900	+147.9%
EPS	0.20p		0.60p	+200.0%

Netstore plc

	Final - Jun 05		Final - Jun 06	Comparison
REV	£21,397,000		£36,043,000	+68.4%
PBT	£653,000		-£805,000	Profit to loss
EPS	1.43p		-0.01p	Profit to loss

Nexus Management plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£1,231,134	£2,468,862	£1,233,412	+0.2%
PBT	-£18,143	-£186,945	£48,187	Loss to profit
EPS	0.00p	0.00p	0.00p	Loss to profit

Northgate Information Solutions plc

	Final - Apr 05		Final - Apr 06	Comparison
REV	£205,692,000		£332,738,000	+61.8%
PBT	£3,889,000		£30,594,000	+686.7%
EPS	0.79p		3.83p	+384.8%

NSB Retail Systems plc

	Interim - Jun 05	Finals - Dec 05	Interim - Jun 06	Comparison
REV	£22,229,411	£48,387,000	£23,347,252	+5.0%
PBT	£3,529,946	£9,969,000	£3,913,186	+10.9%
EPS	0.80p	4.00p	0.97p	+21.3%

OneclickHR plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£4,764,879		£5,919,811	+24.2%
PBT	-£1,745,204		£57,622	Loss to profit
EPS	-1.30p		0.04p	Loss to profit

Parity Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£67,252,000	£138,523,000	£73,019,000	+8.6%
PBT	-£2,002,000	-£8,425,000	-£1,317,000	Loss both
EPS	-25.91p	-3.23p	3.13p	Loss to profit

Patsystems plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£7,708,000	£15,457,000	£7,125,000	-7.6%
PBT	-£284,000	-£777,000	£408,000	Loss to profit
EPS	-0.10p	-0.50p	0.20p	Loss to profit

Phoenix IT Group plc

	Interim - Sep 05	Final - Mar 06	Interim - Sep 06	Comparison
REV	£54,751,000	£108,919,000	£54,443,000	-.6%
PBT	£8,851,000	£17,949,000	£9,187,000	+3.8%
EPS	10.10p	20.80p	10.40p	+3.0%

Pilat Media Global plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£4,694,490	£13,004,880	£8,390,704	+78.7%
PBT	-£778,466	£2,465,999	£1,054,298	Loss to profit
EPS	-1.02p	3.28p	1.46p	Loss to profit

Pixology plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£1,888,623	£4,514,729	£1,805,948	-4.4%
PBT	-£835,547	-£2,163,393	-£725,742	Loss both
EPS	-3.16p	-9.79p	-3.12p	Loss both

Planit Holdings plc

	Final - Apr 04		Final - Apr 05	Comparison
REV	£26,926,000		£28,124,000	+4.4%
PBT	£1,547,000		£1,972,000	-27.5%
EPS	1.00p		1.40p	+40.0%

Portrait Software plc

	Final - Mar 05		Final - Mar 06	Comparison
REV	£14,288,000		£11,572,000	-19.0%
PBT	£1,433,000		-£1,344,000	Profit to loss
EPS	2.49p		-2.11p	Profit to loss

Prologic plc

	Final - Mar 05		Final - Mar 06	Comparison
REV	£6,928,000		£9,657,000	+39.4%
PBT	£421,000		£629,000	+49.4%
EPS	2.76p		4.49p	+62.7%

QA plc

	Final - Nov 04		Final - Nov 05	Comparison
REV	£30,153,000		£31,180,000	+3.4%
PBT	-£2,386,000		£141,000	Loss to profit
EPS	-1.40p		0.05p	Loss to profit

Qonnectis plc

	Final - Jun 05		Final - Jun 06	Comparison
REV	£60,007		£109,425	+82.4%
PBT	-£1,048,503		-£806,946	Loss both
EPS	-0.93p		-0.51p	Loss both

Quantica plc

	Interim - May 05	Final - Nov 05	Interim - May 06	Comparison
REV	£17,019,000	£38,922,000	£22,798,000	-34.0%
PBT	£1,160,000	£2,560,000	£1,141,000	-1.6%
EPS	1.92p	3.86p	1.09p	-43.2%

Qinetiq Group plc

	Final - Mar 05		Final - Mar 06	Comparison
REV	£858,900,000		£1,053,100,000	+22.6%
PBT	£78,000,000		£72,500,000	-7.1%
EPS	11.70p		9.80p	-16.2%

Red Squared plc

	Interim - Mar 05	Final - Sep 05	Interim - Mar 06	Comparison
REV	£1,040,122	£2,455,915	£785,464	-24.5%
PBT	-£200,670	-£290,700	-£241,372	Loss both
EPS	-0.67p	-1.05p	-0.80p	Loss both

Retail Decisions plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£14,705,000	£54,672,000	£95,663,000	+550.5%
PBT	£3,522,000	£8,020,000	£4,211,000	+19.6%
EPS	3.98p	8.84p	4.10p	+3.0%

RM plc

	Final - Sep 05		Final - Sep 06	Comparison
REV	£262,707,000		£262,310,000	-.2%
PBT	£11,528,000		£14,544,000	+26.2%
EPS	8.70p		11.50p	+32.2%

royalblue group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£34,082,000	£74,234,000	£44,397,000	+30.3%
PBT	£4,754,000	£11,336,000	£6,074,000	+27.8%
EPS	10.80p	31.00p	13.20p	+22.2%

Sage Group plc

	Interim - Mar 05	Final - Sep 05	Interim - Mar 06	Comparison
REV	£372,900,000	£776,621,000	£455,900,000	+22.3%
PBT	£95,800,000	£205,357,000	£113,700,000	+18.7%
EPS	5.11p	11.10p	6.05p	+18.4%

Sanderson Group plc

	Final - Sep 04		Final - Sep 05	Comparison
REV	£11,880,000		£15,460,000	+30.1%
PBT	-£328,000		-£482,000	Loss both
EPS	-1.00p		-1.29p	Loss both

SDL plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£34,080,000	£78,479,000	£45,566,000	+33.7%
PBT	£3,103,000	£5,217,000	£3,627,000	+16.9%
EPS	3.09p	4.68p	3.23p	+4.5%

ServicePower Technologies plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£3,444,000	£7,937,000	£6,331,000	+83.8%
PBT	-£1,078,000	-£1,611,000	-£894,000	Loss both
EPS	-1.54p	-2.14p	-1.10p	Loss both

Sirius Financial Solutions plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£10,586,000	£21,780,968	£11,468,000	+8.3%
PBT	£226,000	£340,229	£573,000	+153.5%
EPS	0.50p	0.50p	2.00p	+300.0%

Sirvis IT plc

	Final - May 05		Final - May 06	Comparison
REV	£8,083,000		£7,998,000	-1.1%
PBT	-£2,432,000		£106,000	Loss to profit
EPS	-2.45p		0.09p	Loss to profit

smartFOCUS Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£2,183,779	£6,041,106	£3,788,338	+73.5%
PBT	£44,980	£33,424	£18,780	-58.2%
EPS	0.07p	0.12p	0.03p	-57.1%

Sopheon plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£1,909,000	£4,664,000	£2,954,000	+54.7%
PBT	-£918,000	-£1,236,000	-£246,000	Loss both
EPS	-0.70p	-0.90p	-0.20p	Loss both

Spring Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£218,584,000	£454,725,000	£207,894,000	-4.9%
PBT	-£4,627,000	-£7,485,000	£2,017,000	Loss to profit
EPS	-3.06p	-4.89p	1.16p	Loss to profit

Spring Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£218,584,000	£454,725,000	£207,894,000	-4.9%
PBT	-£4,627,000	-£7,485,000	£2,017,000	Loss to profit
EPS	-3.06p	-4.89p	1.16p	Loss to profit

StatPro Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£5,017,000	£10,786,000	£6,330,000	+26.2%
PBT	£554,000	£1,639,000	£822,000	+48.4%
EPS	1.40p	4.50p	2.00p	+42.9%

Sthree plc

	Interim - May 05	Final - Nov 05	Interim - May 06	Comparison
REV	£143,546,000	£315,087,000	£177,993,000	+24.0%
PBT	£8,945,000	£12,152,000	£12,453,000	+39.2%
EPS	9.50p	15.70p	6.80p	-28.4%

Strategic Thought Group plc

	Interim - Sep 05	Final - Mar 06	Interim - Sep 06	Comparison
REV	£5,077,000	£11,464,000	£5,333,000	+5.0%
PBT	£857,000	£2,292,000	-£521,000	Profit to loss
EPS	3.40p	8.80p	-1.90p	Profit to loss

Stilo International Plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£2,076,000		£2,099,000	+1.1%
PBT	-£1,299,000		-£587,000	Loss both
EPS	-1.56p		-0.60p	Loss both

SurfControl plc

	Final - Jun 05		Final - Jun 06	Comparison
REV	£52,601,075		£57,239,326	+8.8%
PBT	£4,097,312		£420,786	-89.7%
EPS	20.80p		1.12p	-94.6%

Systems Union Group plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£104,230,000		£113,354,000	+8.8%
PBT	£4,614,000		£8,189,000	+77.5%
EPS	3.90p		6.70p	+71.8%

Tadpole Technology plc

	Final - Sep 04		Final - Sep 05	Comparison
REV	£4,831,000		£9,115,000	+88.7%
PBT	-£2,767,000		-£9,221,000	Loss both
EPS	-1.00p		-2.60p	Loss both

Tikit Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Junn 06	Comparison
REV	£9,551,000	£20,162,000	£11,411,000	+19.5%
PBT	£266,000	£632,000	£990,000	+272.2%
EPS	0.20p	1.70p	5.10p	+2450.0%

Torex Retail plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£52,466,000	£167,366,000	£131,906,000	+151.4%
PBT	£2,087,000	-£13,620,000	-£3,686,000	Profit to loss
EPS	0.40p	-5.40p	-1.50p	Profit to loss

Total Systems plc

	Final - Mar 05		Fi9nal - Mar 06	Comparison
REV	£3,451,633		£3,488,309	+1.1%
PBT	£496,098		£284,632	-42.6%
EPS	3.56p		2.13p	-40.2%

Touchstone Group plc

	Interim - Sep 05	Final - Mar 06	Interim - Sep 06	Comparison
REV	£9,757,000	£23,056,000	£13,513,000	+38.5%
PBT	£219,000	£1,142,000	£265,000	+21.0%
EPS	0.51p	2.46p	-0.31p	Profit to loss

Trace Group plc

	Final - May 05		Final - May 06	Comparison
REV	£16,110,706		£14,297,000	-11.3%
PBT	£1,223,406		£1,557,000	+27.3%
EPS	5.92p		8.20p	+38.5%

Triad Group plc

	Final - Mar 05		Final - Mar 06	Comparison
REV	£46,200,000		£42,725,000	-7.5%
PBT	£138,000		-£791,000	Profit to loss
EPS	0.72p		-5.33p	Profit to loss

Ubiquity Software Corporation plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£5,314,776		£7,461,000	+40.4%
PBT	-£6,407,328		-£8,737,000	Loss both
EPS	-44.00p		-5.00p	Loss both

Ultima Networks plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£1,659,000		£1,074,000	-35.3%
PBT	£313,000		-£360,000	Profit to loss
EPS	0.14p		-0.20p	Profit to loss

Ultrasis plc

	Final - Jul 04		Final - Jul 05	Comparison
REV	£1,535,000		£907,000	-40.9%
PBT	-£364,000		-£576,000	Loss both
EPS	-0.02p		-0.06p	Loss both

Universe Group plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£43,992,000		£17,557,000	-60.1%
PBT	-£74,000		£357,000	Loss to profit
EPS	-0.10p		0.40p	Loss to profit

Vega Group plc

	Final - Apr 05		Final - Apr 06	Comparison
REV	£52,602,000		£62,126,000	+18.1%
PBT	£2,907,000		£3,854,000	+32.6%
EPS	8.61p		14.80p	+71.9%

VI Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£5,006,000	£10,192,000	£5,308,000	+6.0%
PBT	£45,000	£77,000	£197,000	+337.8%
EPS	-0.37p	-0.41p	0.03p	Loss to profit

Xansa plc

	Final - Apr 05		Final - Apr 06	Comparison
REV	£376,400,000		£357,300,000	-5.1%
PBT	£15,500,000		£9,000,000	-41.9%
EPS	4.05p		2.32p	-42.7%

XKO Group plc

	Final - Mar 05		Final - Mar 06	Comparison
REV	£44,853,000		£27,640,000	-38.4%
PBT	£10,013,000		£2,482,000	-75.2%
EPS	34.60p		4.70p	-86.4%

Xpertise Group plc

	Interim - Jun 05	Final - Dec 05	Interim - Jun 06	Comparison
REV	£7,658,000	£15,274,000	£7,845,000	+2.4%
PBT	-£60,000	-£245,000	-£11,000	Loss both
EPS	-1.16p	-0.06p	-0.22p	Loss both

CLARITY OF STRATEGY HELPS SHARE PERFORMANCE

It's been a mixed month overall, with the number of 'winners' and 'losers' in amongst S/ITS stocks almost cancelling each other out. Overall the Ovum S/ITS index was up 1.1% in November - practically flat. The techMark was just that bit more disappointing, delivering a 0.8% fall. But this wasn't the case across the entire IT sector. In fact, the FTSE IT SCS was up 4.5%, in line with the 4% growth of the NASDAQ in the US.

This is a reminder of the disparity of performance that we have been seeing across the UK S/ITS market this year, which we expect to continue for a long while. And as our upcoming Investor Sentiment report will reveal, in this low growth S/ITS environment, share price performance these days is highly sensitive to a company's operational performance and prospects. Investors want to see real evidence of increased value, and the "hype" factor of your technology is rarely a consideration in most S/ITS valuations these days.

30-Nov-06	S/ITS Index	5367.68
	FTSE IT (SCS) Index	553.56
	techMARK 100	1434.90
	FTSE 100	6048.80
	FTSE AIM	1017.60
SCSI Index = 1000 on 15th April 1989	FTSE SmallCap	3651.00

Changes in Indices	S/ITS Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/11/06 to 30/11/06)	+1.08%	-1.31%	-0.81%	+4.51%	+1.55%	+0.39%
From 15th Apr 89	+436.77%	+194.55%				
From 1st Jan 90	+483.38%	+156.09%				
From 1st Jan 91	+658.29%	+179.99%				
From 1st Jan 92	+413.72%	+142.62%				
From 1st Jan 93	+236.83%	+112.50%				+163.16%
From 1st Jan 94	+221.50%	+76.95%				+95.38%
From 1st Jan 95	+258.04%	+97.32%				+109.06%
From 1st Jan 96	+137.67%	+63.96%	+81.81%		+6.73%	+88.05%
From 1st Jan 97	+100.48%	+46.87%	+56.88%		+4.25%	+67.24%
From 1st Jan 98	+76.86%	+17.78%	+50.41%	-44.64%	+2.58%	+57.83%
From 1st Jan 99	+36.18%	+2.83%	-1.45%	-61.72%	+26.95%	+76.30%
From 1st Jan 00	-53.21%	-12.72%	-62.03%	-85.11%	-47.35%	+17.86%
From 1st Jan 01	-35.89%	-2.79%	-44.07%	-71.60%	-29.23%	+14.69%
From 1st Jan 02	+11.87%	+15.94%	-2.57%	-34.44%	+13.34%	+41.56%
From 1st Jan 03	+97.87%	+53.51%	+121.17%	+62.71%	+68.78%	+100.54%
From 1st Jan 04	+14.78%	+35.11%	+41.37%	+9.92%	+21.81%	+47.51%
From 1st Jan 05	+8.98%	+25.64%	+19.93%	+13.96%	+1.17%	+32.37%
From 1st Jan 06	+5.70%	+7.65%	+0.22%	-2.65%	-2.72%	+10.45%

In such an environment big shifts in share price are almost always directly related to a company's ability to deliver organic growth, or be involved in M&A (as a buyer or seller). While not all companies are in buying mode, investors will still respond to a clearly outlined strategic direction, especially if management can prove it's focused on executing it effectively.

End November 06	Move since 1/1/99	Move since 1/1/00	Move since 1/1/01	Move since 1/1/02	Move since 1/1/03	Move since 1/1/04	Move since 1/1/05	Move since 1/1/06	Move in November 06
IT Services (CS)	26.6%	-50.7%	-33.7%	19.5%	138.1%	24.1%	13.1%	7.5%	0.9%
IT Staff Agencies	-67.2%	-71.4%	-54.5%	-18.0%	23.5%	-19.1%	2.4%	24.5%	-0.6%
Resellers	109.0%	0.7%	33.2%	48.2%	100.4%	4.6%	15.2%	10.7%	3.7%
Software Products	79.8%	-56.8%	-68.6%	1.2%	67.5%	3.3%	6.1%	1.6%	1.3%
Holway S/ITS Index	36.2%	-53.2%	-35.9%	11.8%	97.9%	14.8%	9.0%	5.7%	1.1%

Torex Retail is the best example of the benefits of this sort of "strategic clarity" in terms of helping share price growth. After a binge of M&A over the past few years, Torex Retail saw its share price dive over 2006 as investors started to worry that the company didn't have much more of a plan beyond aggregating multiple acquired products under one banner. But November saw the company claw a good deal of that lost value back when new CEO Neil Mitchell released a detailed statement to the markets outlining the progress of his operational review, and how the review will proceed over the coming quarter.

Even though Mitchell didn't give that many details away, it was enough to convince the markets that the company was moving in the right direction and that there was a steady but firm hand on the tiller. Torex Retail's shares lifted by 47% this month to 0.56p, reducing the total share price losses this year by almost half. It's a good reminder that in these times where "hype" alone can not keep your share price strong, clarity is the best policy.

(Samad Masood)