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ovum

SYSTEMHOUSE

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

DISRUPTION AHEAD FROM SOFTWARE-AS-A-SERVICE

Software-as-a-service (SaaS) is set to become an important element of the software market. However, it is not just the software vendors that this will affect - indeed the impact will be at least as strong on the project services and outsourcing markets.

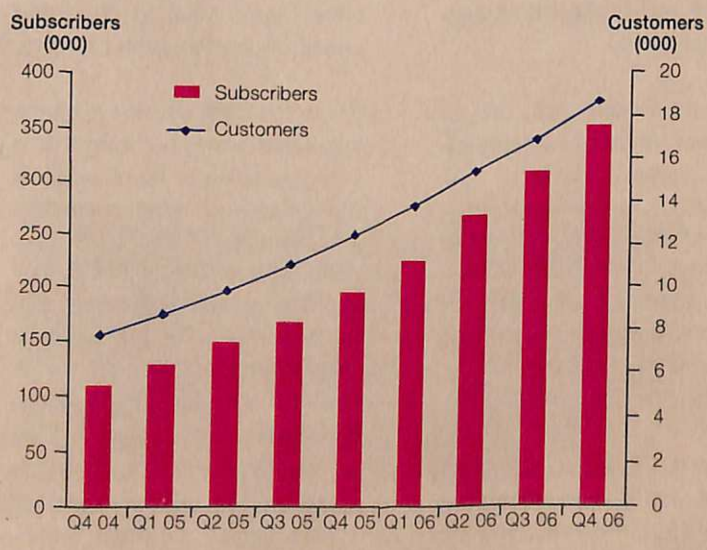
SaaS is already well known in the CRM market, largely thanks to the storming growth of salesforce.com (see chart). However, salesforce.com is not alone in the market. Two other CRM vendors have offered the same model from the start, RightNow and NetSuite, and CRM market leader Siebel was effectively forced to start its own SaaS offering, such was the growth in this sector.

But SaaS is making its presence felt in other sectors of the market as well. For example what are the collaboration services of WebEx and NetMeeting except SaaS? Many firewalls are also provided as SaaS. We also see quite a lot of smaller companies in the financial sector going down this route.

SAP goes SaaS and pulls in its competitors

Perhaps the most significant move has come from SAP. Earlier this year, it launched its own CRM SaaS, though in our view this was something of a disappointment - it was incomplete and didn't use the multi-tenanted structure adopted by other players in the market. However, on its most recent earnings call SAP CEO Henning Kagermann let slip that SAP had plans to launch a SaaS version of its mySAP All-In-One product. This is

Salesforce.com's strong growth - a poster-child for the SaaS market



Source: Salesforce.com

[continued on page two]

Contents

INDICES
(changes in April 2006)

Ovum S/ITS Index	**-0.8%**	**5238**
FTSE IT (SCS)	**-5.8%**	**549**
techMARK 100	**-3.4%**	**1436**
Nasdaq Comp	**-0.7%**	**2323**

[continued from front page]

SAP's mid-market product, a pre-integrated and easier to install version of SAP's enterprise business applications.

> **What is software-as-a-service?**
>
> We define software-as-a-service (SaaS) as when a software vendor sells its software as a subscription service over the Internet. The software vendor is still selling a software product, but how it delivers the software and how it collects the revenue are quite different. SaaS used to be known as ASP (application service provision), but ASP was so over-hyped in the run up to the tech bust earlier this decade that SaaS vendors have studiously avoided the ASP term. Another term used for it is hosted services, but there are other types of service included under this term too.

SAP is striving for leadership in the 'mid market' for enterprises in the range of £50 million to £500 million in revenue. This is currently a very fragmented market, but one where it gains around £500 million in revenue a year worldwide, though not all of this comes from All-In-One. SAP's use of SaaS will force other players such as Microsoft Dynamics, Sage and Systems Union to follow suit.

Advantages and pitfalls of SaaS

For customers and vendors, SaaS has the advantage that you can very easily try before you buy. With most enterprise software, it can take days if not weeks of work to set up a trial. With much SaaS, all it takes is a phone call. Admittedly, I'm over-simplifying a bit here. If you want to configure the system to your specific requirements or connect it to your other systems, this will take a similar amount of time as with other software. The same is true for importing your data - which is a big issue in CRM. But getting it up and running to have a look is often instantaneous. The ability to 'try before you buy' significantly reduces the perceived risk of adopting the product, and this is especially important for smaller software companies.

In theory, if you stop using SaaS you can stop paying at the end of the month. In practice, you can't just stop using software that your business depends on. But also, there is usually a trade-off between the flexibility in the contract and the discount that the SaaS provider will grant you.

One of the major advantages is that you do not have to run the system yourself. Because of this, SaaS can look expensive if you compare it with just the software costs - but if you include the system, implementation and administration costs, SaaS becomes much more attractive. The cost advantage increases when you factor in the cost of doing version upgrades - typically a major pain point in enterprise software, and major version upgrades can be as complex and expensive as new implementations.

These advantages are just as important to large enterprises with over-stretched IT departments as they are to small and medium-sized companies. In the former case, a department can go and buy SaaS and have it up and running without involving the central IT function - something of a mixed blessing!

For SMEs, SaaS is sometimes viewed with suspicion because the data is not on site, and this seems insecure. I was once the systems manager for an SME. We were burgled and our new computer systems stolen. Had the burglars found the server (which fortuitously was hidden) that company would have been dead! I would far rather have my data located in a hardened, replicated data centre than located on a server on site.

Reduced need for project services vendors

If you are a project services vendor, mounting panic would not be an unreasonable reaction to the sections above! For example, there will be no systems to implement, no software to install, and possibly no acceptance trials to run. SaaS represents no more than 2% of the UK software market, but it is growing very strongly, and more vendors are offering it as a way of buying their software. It could well approach 30% or more of the market in the longer term.

Many of the things that you normally get paid for come 'free' with SaaS. Almost worse, those software vendors that have not adopted SaaS see it as a threat and have attempted to emulate some of its advantages, such as rapid and cheap implementation projects.

Of course there will always be the integration work, but even that is in theory going to be reduced by the adoption of services-oriented architecture. In practice, connection at the technical level is often the least problematic, and most trouble is at the semantic level (seemingly similar data items can 'mean' quite different things to different applications). But we expect even this to reduce, as SaaS vendors build standardised connections between each others' systems.

[continued on page three]

[continued from page two]

What is services-oriented architecture?

Services-oriented architecture (SOA) is a term often confused with software-as-a-service. SOA is a standards-based way of writing software that makes it easier to connect together and re-use large chunks of software. If you think you've heard that before, you're right - it's a promise that has been made by the software industry since it got started. The difference is that now, 50 or so years on, it does finally seem to be delivering on it.

Software-as-a-service does not have to use SOA, but it is a marriage made in heaven. The value of most software, especially applications software, is increasingly dependent on how well it connects to other software. Without SOA, SaaS vendors would have a lot of trouble convincing their prospective customers that they could connect the software to other software that the customers use.

New players undermine outsourcers

Effects on the outsourcing community will take a little longer to arrive, but could be just as traumatic in the long run. As well as an increasing degree of connectivity between different vendors' hosted services, we also expect that increasingly there will be more business services that are connected into hosted services. For example, there are already credit reference agencies that use salesforce.com's AppConnect platform. In theory, all you need to do is sign up and credit reports on your customers will be available through salesforce.com

The range of partners that salesforce.com has enlarges the attractiveness of the SaaS offering by increasing the range of services in its ecosystem. For salesforce.com's partners, it reduces their sales cost while widening the potential customer base for their services.

We expect this model to extend much further, and also for the roles to vary. Suppose there were a relationship between an accounting SaaS vendor and an accounting firm. Either party might lead on the customer relationship. For example, you may get your accounting software 'free' as part of the service from your auditors, because having all your accounting data 'pre-digest' would make their job far easier and the audit less painful for you. Alternatively the SaaS vendor could have an auditor as a service partner. With your permission, the SaaS vendor could share data over the Web with the auditor, with the same end results. The services could easily go well beyond audit - indeed your customers might outsource their entire finance function this way.

In these examples, SaaS is speeding the ease with which customers sign up and adopt outsourced services. In exchange for lower acquisition and other costs, the price level would have to be much lower. But the outsourcing is not with traditional outsourcing specialists, but a new set of players who are selling their technical or business expertise via a new channel. These new vendors will undermine the existing outsourcing community by standardising and industrialising business services.

Still everything to play for

The IT services market has not yet disappeared. Players still have some breathing space to work out how they will survive and thrive in the new market. However, doing nothing would be suicide.

(David Bradshaw)

To learn more about Ovum's view of IT services in 2006 and beyond, see Market Trends 2006 - available to subscribers this summer.

If you are not a Holway@Ovum subscriber, please contact Suzana Murshid (sum@ovum.com) for further details.

Holway Comment

Convergence: doing nothing is not an option

Convergence has been an Ovum theme for a decade or more - but back then the term described the coming together of fixed and mobile telecommunications. Today, 'convergence' is much, much more. It is the coming together and blurring of the lines of distinction between every part of society, whether consumer or corporate, which is in any way touched by technology.

Convergence is the root cause of the disruption which makes the scene so exciting and threatening today.

Technology Industry

If you take all the market sizings from us, our competitors and our fellow researchers in other market areas, you find that IT (hardware, software and services) is roughly a $1 trillion sector. Telecommunications (mobile, fixed and data services plus all the associated hardware) adds another $1.4 trillion. Electronics adds another $800 billion or so. (Electronics covers semiconductors, consumer electronics and industrial equipment such as control equipment at power stations.) Then we get to the area which is causing the most disruption today - media & information.

Media & Information

Media & information is another $1.3 trillion global industry. It covers print (where increasingly the Internet is making inroads into the delivery mechanisms for everything from newspapers to ebooks), electronic media and information content.

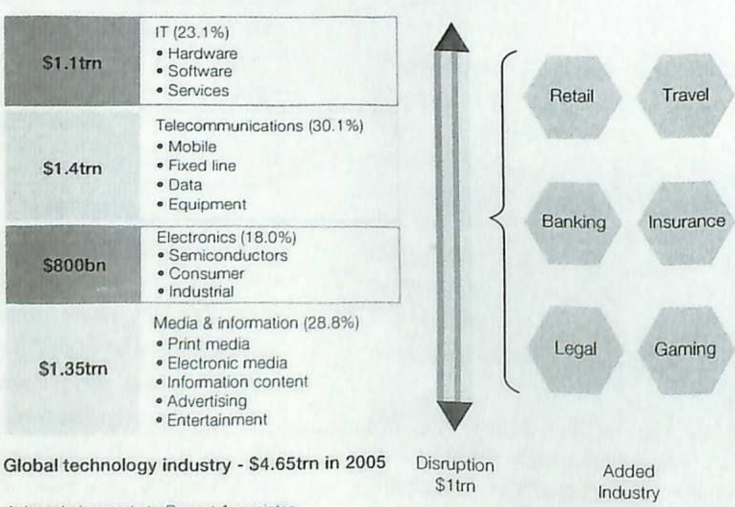
It also covers advertising (where, in the UK, online advertising is likely to take upwards of 10% of total advertising spend this year) and entertainment. Here the pace of convergence is electric. A

Richard Holway

survey published recently (sponsored by Google so we do approach with a dose of cynicism) showed that the 'average' Briton spent more time online (164 minutes a day) than watching the TV (148 minutes) This year will see most TV programmes become available via the Internet. Already for many people, their PC is a core part of their entertainment system - playing games, listening to music via iTunes or watching videos. More and more are linking their PC systems to widescreen LCD or plasma HDTV systems. The wired home - or more likely today the wireless home - is a reality for many people.

As we have written many times before, people do not want to be confined to one place; be it in the home or office. The Martini effect - *any place, anytime, any device* - is all powerful. You do not get a more compelling illustration of 'convergence' than me watching Coronation Street together with its associated advertising (media) on my laptop (IT) or iPod (consumer electronics) in an airport lounge via WiFi or 3G (telecommunications in all its varieties)

Convergence in the Global "Technology" industry



Global technology industry - $4.65trn in 2005

Acknowledgements to Regent Associates
Sources: Ovum/IDC/PWC/ReedElsevier and others

[continued on page five]

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11% of global GDP

The technology industry, as embraced by the sectors described above, in 2005 is together worth around $4.65 trillion or about 11% of global GDP. In the developed world, this percentage is pretty much static. In some countries it is actually falling, as 'disruption' actually enables users to consume 'more for less', but is growing significantly in developing countries such as India and China.

"They will not be content in 'eating your lunch'; they also want your breakfast and supper"

Disruption rules

Although the overall percentage of GDP might well be static, that covers up huge change - or disruption - in the make up. It is reckoned that right now $1 trillion of the $4.65 trillion revenues is 'on the move' between sub sectors.

Above average growth in:

- Data services
- Content
- Semiconductors
- Consumer Electronics
- Entertainment

...is offset by below average growth in:

- wireless
- IT hardware
- telecoms equipment
- print media

And there are real declines in fixed line. Broadcast media, and software & IT services are no better than average.

There is even huge disruption within the subsectors. For example, with advertising there is a major move away from classified ads in newspapers to online ads and sales via eBay.

In IT services there is the significant move from onshore to offshore.

Then there is the rest of industry

In 1998 I asked Rod Aldridge why Capita was not in the newly launched FTSE IT Index. His response was that being associated with technology was the last thing he wanted. But, of course, he is. Congestion charging is a hugely complex (and highly successful) IT system. Capita is now (by far) the UK market leader in 'IT-related' BPO. Indeed many other players, from established IT services companies like Accenture to business support companies like Serco, are now moving far outside the original definitions of 'technology' into industry.

But it gets even more complicated. Merging 'media & entertainment' into 'technology' at least stops the argument over whether Google is a technology or media company.

But what about Amazon.com or PartyGaming.com? Or Lastminute.com? Or Tesco.com? Or LloydsTSB.com? Or Directline.com?

If you include all the areas of industry where technology/IT is now the significant ingredient, then you could be describing a converged stack which extends to cover upwards of 50% of GDP.

Implications

Should you find this really exciting or really scary?

Probably the answer is both. Certainly, in private at least, we meet many CEOs who are very concerned for the future and unsure what moves to make to ensure the survival, let alone the success, of their companies.

Never in technology's short history has the maxim *'Doing nothing is not an option'* been more true or relevant. New entrants will arrive and established players will turn into new competitors. They will not be content in *'eating your lunch'*; they also want your breakfast and supper and will probably only be content when they have eaten you too!

Defensive strategies stopped working in the 1990s and certainly have no place in this current decade.

How all parties need to adapt to face this new converged world will be the main themes of our comment and research in the period to come.

16%
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CHARTERIS

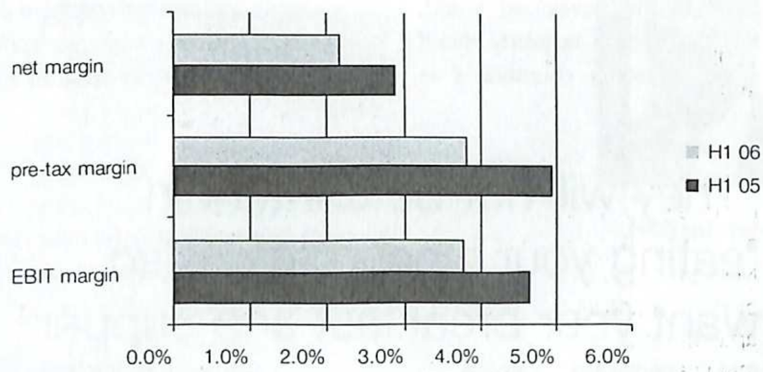
CHARTERIS RETHINKS ITS PROPOSITIONS

Charteris published its FY 06 first-half results last month, and announced a re-thinking of its positioning aimed at ensuring that healthy growth continues.

Charteris saw revenue grow healthily at 12% organically (20% in top-line terms) to £10.7m in the half-year to 31 January. Profitability dipped, however, with EBITA margin declining from 6% (£533k) in H1 05 to 5.2% (£557k) in H1 06 due to several factors including investments in new capabilities.

Charteris is retaining its vertical-market structure, but has created three new service lines that cut across the verticals. These are "Customer-Centric Enterprise" services, which concentrate on multi-channel CRM, "Integrated Intelligent Enterprise" services, essentially ERP-related work using Microsoft's Dynamics AX (formerly known as Axapta) product, and "Infrastructure Optimisation" services, which does what it says on the tin.

Charteris margins, H1 06



Comment: There's a good argument that the best time to hold a strategic review is when things are going well. Charteris is growing healthily, but it's reached a difficult stage in its evolution where it's no longer a small company and it's starting to assume the responsibilities and costs of a large player (not least paying VAT on a monthly schedule, which hit operating cash flow in H1) but without some of the economies of scale and resources of the big guys. So it's got to target its energies better, and decide where it can fight and win.

The Axapta focus is interesting, with Charteris pulling these plans forward from next year into this financial year. It expects to get full accreditation from Microsoft for this product within 12 months, and is already working with Microsoft on building a pipeline (chiefly among upper mid-market customers), which MD David Pickering says is going well. We think Charteris will benefit from Microsoft's recent paring-down of its UK services partner channel. This looks to us to be a good bet for Charteris, which already has a strong reputation for Microsoft-based IT consulting and systems integration.

What about the margin deterioration? That was partly a result of the one-off investment following the re-think, and partly the lower-margin work associated with some of the bigger deals. Will the latter continue? Pickering and Marsali Harwood (FD) say no; they say they don't expect that Charteris will see gross margins declining as a result of Charteris taking on larger projects. We think it depends on the type of work Charteris takes on, which underlines the importance of having a clear focus.

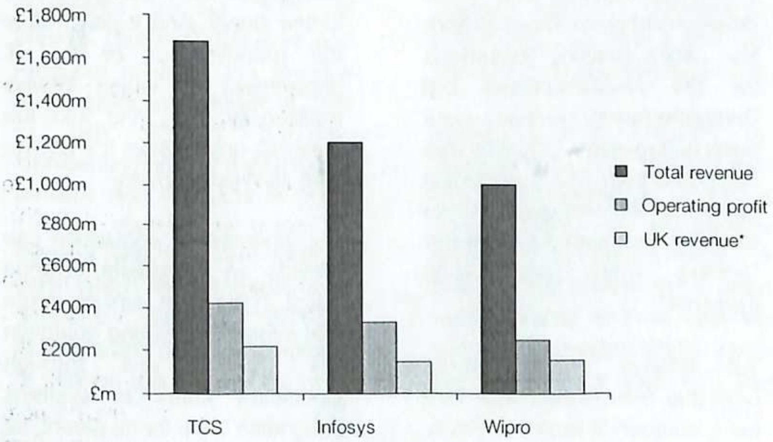
Charteris has a small nearshore capability, thanks to a relationship with two East European organisations. But if it's to win ever-bigger deals involving more and more systems integration (as opposed to advisory) work, it's going to find itself under more price and margin pressure from bigger rivals offering blended (combined offshore /onshore) rates. Pickering and Harwood argue that Charteris can 'bullet-proof' itself concentrating on services that are "close to the client" and therefore inherently onshore-heavy. For an organisation of its size, we think that's fair enough, but as Charteris gets bigger, this positioning may turn into a niche that starts to feel restrictive.

(Douglas Hayward)

INDIAN COMPANIES GO THEIR SEPARATE WAYS

All the top three Indian offshore IT services players once again astounded the markets with their 30%+ revenue growth over the 2005 / 06 fiscal year. The law of large numbers has meant however that growth is significantly lower than the c50% achieved in the past, while margins have inevitably eroded as each business expands globally. Nevertheless, it is clear that the offshore bandwagon continues apace, and as the industry matures each of these top players has begun to strike very separate paths for themselves.

Comparison of Top 3 Indian offshore players



*Source: Company results / *Ovum estimates*

Tata Consultancy Services

Under US GAAP, TCS reported revenue just shy of $3bn, up 36% to $2.99bn (£1.68bn) for the year ended 31 March 2006. Operating profit was $759m (425m), equivalent to a 25.8% margin, down from 27.6% last year. Revenue from Europe grew 34% to $670m (£375m) to represent 22.4% of total revenue. Revenue from the Americas grew 37% to $1.8bn (£1.0bn) to represent just under 60% of the total, while Indian revenue grew 47% to $374m (£210m).

Banking and financial services remains one of the strongest growth verticals for TCS, with revenue up 48% to $1.2bn (£672m), representing 41% of the total. Manufacturing is the next largest vertical, growing at 23% to $515m (£289m), followed by Telecom, which grew at 28% to $452m (£253m).

Of the remaining sectors, which account for less than 10% of revenue each, Life Sciences & Healthcare was the fastest grower, up 57% to $138m (£77m), and no doubt benefiting from the subcontract that TCS has with Fujitsu Services for the Southern Cluster of the NHS NPfIT project. Despite the claims that the UK government has been withholding payments on this project, TCS management say they have been receiving payments as a subcontractor providing application implementation and migration services.

Comment: This year saw TCS make significant strategic investments in its global footprint - inking a large deal with UK closed book life and pensions consolidator Pearl Group, and acquiring Chile-based BPO services provider Comicrom for $23m (£13m). Pearl gives TCS 950 UK-based staff, which the company will use to win new business from clients who may still be cautious of sending all their process directly offshore. However, Pearl needs to rapidly start generating new revenue for TCS for it to be a true success. So far the company says that the new IT platform creation for Pearl is underway, and that it has already registered £5m revenue from system integration services from Pearl since October last year. Handover of the BPO services and assets to TCS was on the April 2006.

TCS is now on a very different footing from Infosys and Wipro, with a significantly higher headcount in the UK and an ability to compete as a local BPO player. Yet, the high onshore / nearshore presence raises fears of accelerated margin erosion. Moreover, TCS admitted that new client wins will have to "ramp up onsite" because the increasing tendency towards fixed price deals means the company is already doing a significant amount of such work offshore. Currently the company does 62% of its work in the client's country - higher than Infosys or Wipro. Yet, to improve profitability, management claims it will move 5% of this number offshore every quarter. Over the coming year TCS plans a gross addition of 30,500, taking it beyond 90,000 employees if all goes to plan.

[continued on page eight]

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Overall prospects remain strong for the company, which claims new contract pricing is increasing, while existing deal prices are staying flat. TCS is growing mainly through expanding the number of services it provides to existing clients, deepening its relationships and increasingly threatening those clients' existing relationships with its Western rivals. However, it is also clearly attracting big-ticket new wins such as the ABN Amro deal announced last year. Press reports now claim that TCS is in the final stages of discussions with Deutsche Bank, and although this has been unconfirmed by TCS, the management has referred several times to a $500m five-year deal that was on the cards.

Infosys

For the 2005/06 year Infosys reported revenue up 35% to $2.2bn (£1.2bn) under US GAAP. Operating profit was up 31% to $599m (£336m), equivalent to a 27.8% margin, down from 28.6% last year. Excluding the currency fluctuations and unexpected drop in utilisation mentioned above, margins would have been 29%.

Europe provided the strongest operating margin at 35%, compared to the 32% margin from North America, the larger and more established region for Infosys. Revenue from Europe grew 49% to $528m (£296m) to represent 25% of total revenue. Revenue from North America grew 34% to $1.4bn (£785m) to represent 65% of the total. Indian revenue grew 27% to $38m (£21m), representing 2% of the total, while the Rest of the World segment grew 14% to $192m (£108m).

From an industry vertical perspective, Financial Services grew 41% to $775m (636m), representing 36% of total revenue. The Retail sector, in which Infosys is heavily involved with one of the UK's largest players, also grew 41% to $219m (£123m), but representing just 10% of total revenue. Manufacturing grew 29% to $299m (£168m), while Telecom grew 20% to $354m (£198m), representing 16% of the total - the second largest of Infosys's vertical segments. Telecom also produced the highest operating margin at 39%, while the other verticals produced margins between 30% and 32%.

Comment: Infosys has retained its crown as the most profitable of the top 3 Indian players, yet margins could have been even better. Infosys admitted that together, its Consulting business and China development centre made an $8m loss, while currency fluctuations for the NASDAQ-listed but Bangalore-based company once again hurt margins. Utilisation also decreased from 78.7% (excluding trainees) in the third quarter down to 77% in the fourth due to Infosys "adding more staff than expected".

Yet Infosys remains more profitable than closest rival TCS for a number of reasons. Firstly, the company has a significantly higher proportion of business from time and materials based deals: 72% for the year, compared to TCS's 50%. Secondly, the company does significantly more work offshore in low-cost locations: 74% compared to TCS's 37%. Finally, although Infosys has considerably fewer active clients than TCS (460 compared to 929), its deals are typically much larger. Clients contributing more than $20m in annual revenue make up 16% of Infosy's active client base, compared to 4% of TCS's. This difference partly explains why, unlike TCS and Wipro, Infosys has not been using acquisition in the past year to expand its horizons. Instead, the company is focusing on moving up the value-chain, hiring "top and near top" people, which it claims will immediately accelerate revenue growth due to the strong demand for higher value services. Indeed, this was the raison d'etre for Infosys Consulting, formed in 2004, and in Europe currently focusing on the UK, Germany and Switzerland.

By positioning itself higher up the value chain as a company that understands its clients' business (not just their technology infrastructures), Infosys can slowly push up the value chain in decision makers' eyes - or at least stop itself being pushed further down. And it can "follow the money" out of the IT department (to which Infosys traditionally sells) and into the business units, where it's weaker than its Western rivals.

But whereas an acquisition can provide an immediate revenue boost, in the short term we doubt that Infosys Consulting operation will directly pull through significant sums in systems integration work for its parent, let alone generate significant business-consulting revenues itself. But it is giving its parent a more sophisticated sales front end, sending out the message that Infosys Technologies is a credible business partner for corporates, not just a low-cost application outsourcer.

Wipro

Total US GAAP revenue for Wipro's Global IT Services and Products operations grew 33% to INR 80.5bn (£1.0bn), with acquisitions adding INR 468m

[continued on page nine]

[continued from page eight]

(£5.7m) over the year. Operating profit came in at INR 19.4bn (£246m), up 23% and representing a 24% margin - much lower than the 26% margin recorded last year.

Looking at the two main businesses, IT services revenue jumped 33% to INR 72.4bn (£917m), with an operating margin of 25%, down from 27% last year. BPO revenue grew 19% to INR 7.6bn (£96m) with a margin of 13%, down from 16% last year. Wipro's management says that it expects the IT services margin to continue to "narrow" over time, but that a BPO margin of between 18% and 20% is sustainable for the long term.

From a geographical perspective, European revenue grew 47% to INR 24.3bn (£308m), which represents around 30% of Wipro's Global IT Services and Products revenue. US revenue grew significantly slower at 28% to INR 53.5bn (£678m), representing 66% of the Global IT services and Products revenue. The last quarter saw a key US renewal with General Motors, from which Wipro expects to generate $300m (£168m) revenues and double the number of staff on the account to 1,000 in the second quarter of the coming year.

Comment: "The Indian IT industry is evolving from a simple services model to a more complex knowledge creation mode", Wipro Chairman Azim Premji told analysts on the company's results call. And in line with this sentiment, Wipro has spent 2005 streamlining and flattening its organisational structure so as to make it easier to identify and develop "innovation" from within.

Wipro's M&A strategy mirrors this focus on "knowledge" assets, with the company focusing primarily on acquiring intellectual property and skills in niche markets. For example, recent acquisitions have included Austrian wireless IP developer NewLogic, and in the US a BMC-focused solutions consultancy called cMango, and a payment services company called mPower.

Wipro is also focusing on developing its staff, working with Stamford University to develop a new "cadre of programme managers" for the company - a skill area that is expected to see a supply crunch in India over the next couple of years. Wipro, which has been slower than TCS and Infosys to set up development centres outside of India, has also started setting up two centres in China, with its Bucharest-based nearshore centre going live this quarter. Looking forward, Wipro is planning to expand even further globally over the next two to three years.

Overall, Wipro is quite a different beast from the larger Infosys and TCS. For one, Wipro's business is skewed much more strongly towards Europe in comparison to its rivals, which at most produce only a quarter of their revenue from the region. This is a good thing, particularly as Europe is expected to be the next growth engine for offshore services as continental clients become more accustomed to the offshore model and the US increasingly tightens controls on foreign work visas. Wipro is also much more heavily involved in research and development services for other technology companies. Indeed, its revenues from this business have now crossed the $500m mark. This is more evidence that Wipro can no longer be compared directly with either TCS or Infosys, and that all three companies are taking their own individual paths through the market.

(Samad Masood)

ACCENTURE'S UK GROWTH TURNS INTO DECLINE

Accenture's Q2 10-Q regulatory filing last month contained the interesting fact that revenues at its UK subsidiary are now declining rather than growing. In January (when we commented on the Q1 results to 30 November 2005) we estimated that revenues in the UK might have grown 'well within single digits'. It turned out we were being generous - revenues declined in Q1 and in H1 as a whole.

Comment: Contrast this with the meteoric growth recorded at the beginning of FY 2005 (ended 31 August), during which Accenture recorded Sterling-terms growth rates of 36% and 22% for Q1 and Q2, respectively. Q3 saw growth of 11% - below the average for the year (13%). That was the last UK quarterly-growth percentage figure that Accenture published. It may be the last for a while.

Accenture UK seems to have hit a wall in late 2005. Quarterly growth started the year astoundingly high, but ended below the annual average. Halfway through the next year, FY 2006, UK revenues are declining despite Accenture having entered the year with a healthy pipeline, albeit dominated by small and mid-size deals. This looks like a big problem for a £1.4bn UK operation that grew in

[continued on page ten]

[continued from page nine]

double digits last year.

Is something going wrong? Partly, it's about deal timing. Accenture went into 2006 with no really big deals (excluding the NHS, more on which below) in their start-up growth phase. It characterises the current period as one of 'consolidation' following a period of high growth.

FY 2004 was a very strong year for revenue growth (19% in Sterling terms). That growth slowed in FY 2005 as contracts reached their Q4 and started to go ex-growth - once big deals are four quarters old, revenues usually stop growing strongly in year-on-year terms. The last "big-ish" new deal (excluding NHS) that we know of before last month's signing of Unilever was the six-year, £400m Barclays application development and management contract, signed in June 2004. That deal was probably ex-growth by the start of Q1 2006 last September.

Also, we suspect that Accenture was hoping that the NHS would supply growth in FY 2006, after suffering deferred revenues in FY 2005, but that's not happening yet. Accenture has taken a provision against the possibility of having to write off $442m of unbilled revenues (about £250m, equivalent to more than a full year of NHS revenues), which is a lot of lost growth. Accenture says it's turning the NHS around, but it's invested an awful lot of time and attention on a customer whose revenue and profit potential is proving much less than Accenture expected.

Overall, we think Accenture has a very strong operating model that combines consulting, systems integration and outsourcing very effectively. It's got very smart people, a top-notch global-sourcing strategy, and a strong brand. All of which means it should be growing in the UK, given its double-digit worldwide growth. Accenture UK needs more big deals like Unilever, and it must fix the NHS problem urgently.

(Douglas Hayward)

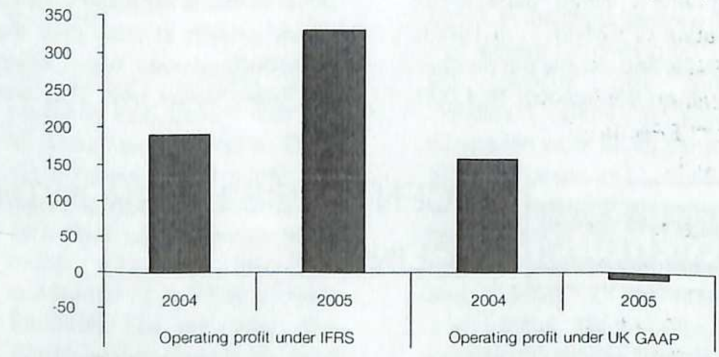
4%
105p
Trace Group

IFRS CHANGES KEEP TRACE'S OPERATING PROFIT IN THE BLACK

At the end of February, Trace Group, the provider of software and services to the financial, insurance and property sectors, has reported £328k operating profit on revenue that fell 1.4% to £7.2m in the six months ended 30 November 2005. This resulted in an operating margin of 4.5%, up from 2.6% in the first half of 2004 - but much lower than the 6.53% margin it recorded for the last full year.

Profit before tax increased by 76.6% to £415k and diluted earnings per share doubled to 2 pence. Cash flows also improved, with cash generated from operations up 14.8% to £1.6m, resulting in cash and cash equivalents up 25% to £3.2m by the end of the period.

Effect of software capitalisation under IFRS on Trace Group operating profits



Source: Trace Group results

Comment: Operating profit increased from £191K to £328K in the six months to 30 November 2005. But below the surface it is a quite different picture. Firstly Trace capitalises its software development costs (whereas many, even under IFRS, write them off as incurred).

In the six months in question Trace "invested" £450,000 in software development so Trace now has £1.8m of capitalised software on its Balance Sheet. Subtracting the £112K of amortisation, that means that the

[continued on page eleven]

[continued from page ten]

capitalisation of software development added £338K to operating profits.

Or, put another way, Trace would actually have reported a £10K loss if it had applied the approach of expensing as incurred. This is perfectly legal under IFRS, and Trace is certainly not the only company to interpret IFRS in this manner. But has IFRS made it easier to understand Trace's performance or to compare it with others in the industry? We think not. The new rules surrounding how software should be capitalised and written off are too open to interpretation, the result being that there is no standard method.

Aside from all this, we can't help feeling that Trace is beginning to languish - despite management highlighting that recurring revenue once again improved slightly (up £100k to £3.3m) and services revenues increased along with a "small" improvement from the payroll and recruitment operations. Trace clearly has a solid reputation in each of its target markets. But we have felt for a while that with six divisions, encompassing a broad mix of customer, product and service types, it has neither the size nor focus to succeed in the long-term.

Acquisitions could help Trace focus and grow - in the same way it has helped many other players outperform the UK S/ITS market in the past few years. Trace claims it is actively looking to expand through acquisition, yet we do not expect anything too soon. According to the management, *"current conditions and our own experience has led us to focus much more directly on growth by organic investment."*
(Samad Masood)

12% 14p MEDIASURFACE

MEDIASURFACE REPORTS "A NEW HIGH" IN H106

Web content management provider Mediasurface has announced interim results for the six months ended 31st March 06. Revenue from the period increased 21% to £4.4m, operating profit has risen 174% to £340K, and pre tax profit has increased 153% to £350K. Diluted EPS, previously 0.2p, is now 0.4p.

Commenting on the outlook, Chairman Michael Jackson said: *"Prospects for the company remain good-major new sales opportunities exist for the second half of the financial year. The board remains committed to enhancing shareholder value and believe the company is well placed to grow profitably"*.

Comment: Evidently this was a very productive period for Mediasurface, following disappointing sales figures in FY05. The company reports a number of *"major new deals"* with the likes of the Office of the Deputy Prime Minister, Siemens and Brussels International Airport, and further business with existing clients, such as Citigroup and the Environment Agency. Mediasurface also delivered growth in each of its territories - the UK, USA and Benelux.

We are particularly pleased to see that Mediasurface has become cash generative during the period, resulting in an increase in cash at bank from just £0.3m in September 05, to £0.7m.

Turning to the future, continued growth in support services means that Mediasurface can now point to c£2.3m of annualised recurring revenues. This provides a foundation for the planned investment in marketing, and, of course, ongoing R&D. Furthermore, following the acquisition of Class Act last year, and subsequent product improvement, Mediasurface now has a web content management offering for the SME market. This looks like a good, long-term strategy. Potentially, this opens up a new target market for Mediasurface and should lead to further growth in recurring revenues, as the SME-focused product will be sold on an ASP basis only.

Of course, full year performance is dependent on continued new licence sales, and Mediasurface will not want of a repeat of last year where delays impacted revenues and profits. However, this announcement shows that the company has got off to a good start.
(Heather Brice)

ESTEEM PUSHES SERVICES PLAY FURTHER WITH ACQUISITION

Esteem, a reseller and services company, has acquired ACCESS Computing Ltd, a Scottish Sun Microsystems partner that is based in Livingston. Esteem targeted the company for its position in the Scottish market and its Microsoft skills. Financial details of the purchase were not made public.

Comment: The last year has been a real period of evolution for Esteem. Its transition from resale is exemplified in the profile of its gross margin, which now sees 69% coming from services. Operating margins are up and this is something the company wants to protect from dilution as it continues to make further purchases. The addition of ACCESS to the organic improvements Esteem has made is a nice 'top-up' to its progress to date - especially in that it brings some good customers to Esteem. But clearly, another purchase is on the cards - the only question really is the pace with which this will happen. Esteem is under no immediate time pressure, especially given that it has been able to prove that, unlike some resellers, it can grow its services business organically. The challenge will be wading through what is no doubt a substantial list of potentials and finding the 'rose amongst the thorns'.

(Kate Hanaghan)

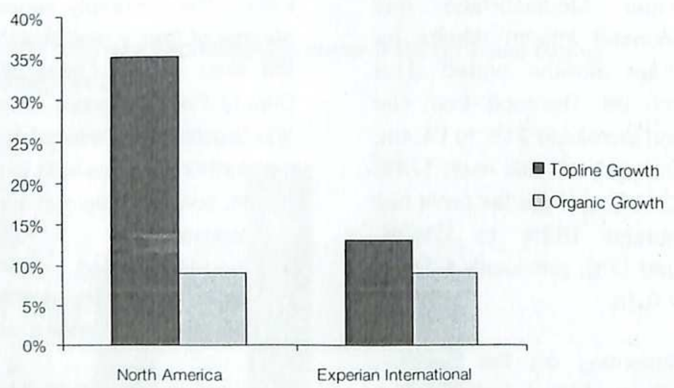
SOON TO BE SET FREE, EXPERIAN SEES 30% REVENUE GROWTH

GUS plc the retail and services group, announced at the end of March that it would demerge its two businesses - Argos Retail Group and information services player Experian - within six to twelve months. In April, the company followed this up with a trading statement providing some detail on Experian's growth for the year ended 31 March 2006.

Total sales in the period grew 30% (25% at constant exchange rates) thanks in part to a number of acquisitions over the period. Organic growth for the total business was 9%. This compares with last year when the company reported 6% growth to £1.36bn, with operating profit up almost 13% to £318.3m.

Experian North America grew sales by 35% at constant exchange rates, with 9% of this from organic growth and 26% from acquisitions such as LowerMyBills and PriceGrabber. Outside of North America, GUS claims that sales at Experian International increased by 13% at constant exchange rates in the second half. Organic growth was 9%, with acquisitions contributing to 4% of growth, aided by the purchase of UK-based ClarityBlue in late January 2006.

Experian sales growth comparison



Source: Company trading statement

Comment: This is a strong result from Experian, which has reported good organic and acquisitive growth over the past two years now. The only slight bit of bad news in the statement is surrounding Experian's MetaReward business, which suffered an "expected" drop in sales. The business generated sales of $75m for the year, equivalent to 4% of Experian North America's business - but EBIT margins are "well below 10%", and considerably lower than the c20% margins that Experian is used to. MetaReward has now decided to pull out of its

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incentive marketing website operations, which GUS claims are operating in an "increasingly unattractive market for both consumers and thus clients."

The de-merger has been long expected, and in terms of day-to-day business, it should not have much effect on Experian, since it enjoyed a great deal of operational independence under GUS. But separation may make it easier for Experian's management to continue its policy of acquisitions, not least because it will have a strong balance sheet of its own and its own shares to trade. For investors, the demerger presents the option to invest in a growing, international information services business, without having to invest in a UK retail chain as well!

Overall this good set of results bodes well for the company's upcoming flotation on the London Stock Exchange. GUS has yet to say when this will happen exactly, but we expect there to be a lot of excitement from investors looking to get a piece of this rapidly growing business with annual revenue now expected to be well over £1.5bn.

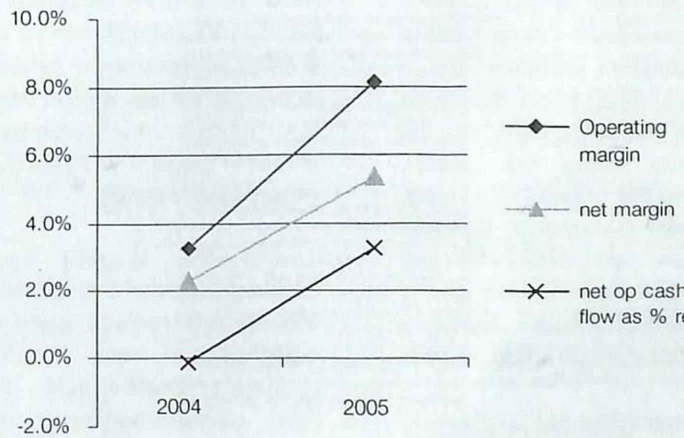
(Samad Masood)

edenbrook
original solutions for business

EDENBROOK GROWS 60% ORGANICALLY IN 2005

Edenbrook, the fast-growing IT consultant and systems integrator, last month released its results for the calendar year 2005. Turnover rose 72% (60% organic) to reach £17m, while operating margin more than doubled from 3.2% to 8.1% (£1.38m) and pre-tax margin rose from 3.1% to 7.8%. Net operating cash flow as a percentage of revenues improved as well, going from breakeven to 3.2%.

Edenbrook, margin and cash flow



The company also increased its strong focus on the UK, which accounted for 99% of turnover in 2005, versus 91% in 2004. The company recently announced a £5m development and implementation contract with healthcare giant Bupa.

Comment: Edenbrook is managing to combine decent profitability - its long-term plan is for double-digit pre-tax margins - with high revenue growth, which is an impressive combination. Edenbrook combines the clever people every consultancy needs with repeatable intellectual property assets, such as proprietary software, which help to cut time and costs of projects and to differentiate their owners in the market.

We'd expect to see margins grow again this year, but to see revenue growth perhaps down in the mid-20s, as the law of large numbers kicks in. Edenbrook is approaching the revenue threshold where companies have to think hard about how they can continue to grow fast without taking on jobs that either overstretch them or start to become a drag on profitability.

As with the slightly-bigger but slower-growing Charteris, we can see Edenbrook having to think carefully about whether and how to create a global delivery mechanism staffed by its own people, rather than using partners as it does at present. If Edenbrook is to do more high-volume delivery work, it will need a global delivery story to counter the fearsome blended rates being offered by the likes of Accenture. Offshore-based resources promise to transform the economics of delivery, allowing larger player to do smaller jobs economically, and even to undercut the smaller players whose business plans once rested in part on undercutting the big guys.

But high-volume integration work is surely not the future for Edenbrook, whose differentiation lies in its closeness to customers and deep understanding off their businesses and technology needs. That's a defensible niche that is relatively offshore-protected, and should remain so for some while.

(Douglas Hayward)

IBM REPORTS Q1, DOESN'T BUY SAP

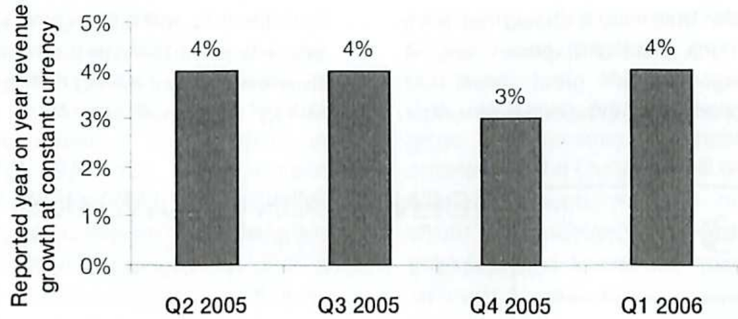
IBM announced another satisfactory but unexciting set of quarterly results during April. Excluding the former PC business, total revenue was flat at $20.7bn, or up 4% over Q1 last year at constant currency. Profits grew more strongly, with PBT up 21% at $2.4bn.

The Americas led the major geographies with a 6% rise in constant currency terms to $9.0bn. Asia Pacific once again disappointed, with a 2% fall in revenue. As for the business divisions, Global Services saw a 3% constant currency rise in revenue to $11.6bn, and total signed services contracts hit $11.6bn during the quarter, bringing the backlog to $111bn, the same as a year ago. Software revenues grew 6% to $3.9bn and hardware revenues were up 6% to $4.6bn. Global financing revenues were up 4% to $0.6bn.

Comment: This was another vital quarter for IBM in Europe following the restructuring of the EMEA business. Overall performance improved with a 3% rise in Q1 revenues year-on-year though country results were mixed. The UK, Spain and France showed solid growth and Italy returned to growth but Germany once again declined. IBM claims this was due to a slowly improving economic environment and better execution under its new European management structures.

Global Services' topline once again disappointed. Constant currency growth of 3%, although better than the 1% fall posted in Q4 of 2005, still represents a fall in IBM's market share in services globally (when set against even the modest mid-single-digit growth in global IT markets that we're currently seeing).

Growth at IBM: hardly exciting



Against this sluggish sales backdrop, we have seen plenty of activity around re-badging and re-organising in the services business in recent months. So IBM Global Services now comprises just two main divisions: Global Technology Services and Global Business Services. We're due to meet with some senior representatives in each area shortly to find out more about the new structure. But no amount of organisational re-jigging can compensate for the fact that IBM's services business, once the engine of the company's overall momentum, has stalled.

Growth in software revenues was once again more encouraging and led by branded middleware software (WebSphere, IM, Lotus, Tivoli and Rational), which grew 14%. Meanwhile, the long-standing rumours that IBM is lining up an acquisition of SAP also resurfaced last month, prompted by both IBM's strong profits growth and a Q1 slide in profits at the German software giant.

Frankly we continue to discount such rumours for a number of reasons. Firstly, IBM made a very firm decision to get out of business applications. This was a good decision because IBM had no special strengths in the applications market (and that's the polite version!). Secondly, IBM gets a lot of services business because it is applications neutral. We'd expect Global Services to object vigorously to IBM buying SAP, because that would block work on Oracle, PeopleSoft, JDEdwards, Siebel and Microsoft-based projects, as well as many others. And finally SAP is not exactly cheap. It would cost IBM well over $60bn to win SAP, and possibly substantially more. We cannot see any rationale in spending this much. If anyone is well-placed to buy SAP, we'd suggest it's not IBM but Microsoft.

(Phil Codling, Ian Wesley, David Bradshaw)

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
ARINSO	Lansdowne Creative Marketing	Recruitment solutions and services, including recruitment process outsourcing (RPO) and call centre technology	Has taken a 19.5% stake	n/a	The acquisition of Lansdowne is further evidence of ARINSO's growth ambitions. In January 2006 it acquired OpenHR, thereby increasing its HR software and technology knowhow. With this purchase it picks up expertise in recruitment process design, advertising, web-based e-recruitment, and candidate response handling and assessment. Lansdowne also brings a blue chip client base, including Norwich Union and LloydsTSB. ARINSO typically delivers workforce administration and payroll solutions. Its strategy is to expand its capability into other areas of HRO via a combination of organic growth, strategic acquisitions and partnerships, in order to create 'an end-to-end HR service'. The addition of Lansdowne is a key step along the way.
CedarOpenAccounts	Strata Systems	Supplier of business intelligence solutions	100%	n/a	This seems to fit well with Cedar's product set, and in particular seems a useful match with the HR and payroll business that it acquired from Grampian Software in July 2005.
Esteem	ACCESS Computing Ltd	Scottish Sun Microsystems partner	100%	n/a	The last year has been a real period of evolution for Esteem. Its transition from resale is exemplified in the profile of its gross margin, which now sees 69% coming from services. Operating margins are up and this is something the company wants to protect from dilution as it continues to make further purchases. The addition of ACCESS to the organic improvements Esteem has made is a nice 'top-up' to its progress to date - especially in that it brings some good customers to Esteem. But clearly, another purchase is on the cards - the only question really is the pace with which this will happen. Esteem is under no immediate time pressure, especially given that it has been able to prove that, unlike some resellers, it can grow its services business organically. The challenge will be wading through what is no doubt a substantial list of potentials and finding the 'rose amongst the thorns'.
Horizon Technology Group	Enterprise Process Consulting Group Limited (EPC)	Dublin-based firm that claims to be the largest indigenous Irish SAP Consultancy	100%	An initial euro2.0m	This is a low-risk acquisition for Horizon in a geographic market (Ireland) that it knows very well. It also extends the company's consulting capability and thus ties in with its growing focus on services, a strategy that is acting as an essential counterbalance to the decline of its traditional resell business (as underlined in the company's FY 2005 results - see Hotnews 16 March). At present we have no indication of EPC's scale in terms of revenues or headcount, but its net tangible assets are around euro1m and it should be EPS enhancing for Horizon in the current financial year.
Microsoft	Lionhead Studios	UK games developer	100%	n/a	This is all about Microsoft rescuing one of its prominent Xbox developers from potential decline. Although Lionhead's games were highly acclaimed they weren't always commercial successes, making it increasingly difficult to balance the books. With Microsoft's backing some of its forthcoming Xbox titles may now see the light. But apart from this, we're not sure this purchase really makes business sense for Microsoft. First, the vast majority of Lionhead's games are developed for Windows and the Xbox, so Microsoft does not seem to gain any new competitive advantage - unlike the purchase of Rare, which effectively stopped the developer from continuing to make games for rival Nintendo's Game Cube platform. Secondly, purchasing a development studio is the same as buying any professional services firm. All the value is in the people who work for the company, and retention, as well as cultural fit, are key to success. We find it difficult to imagine Steve Ballmer's results-driven style matching up with Molyneux's team, who are infamous perfectionists, typically taking at least twice as long as any of their peers to bring product to market.
Nexus Management	Fix IT	SME-focused IT support	100%	"Five times net profit"	We suspect this could be the first of a string of small UK acquisitions for Nexus, which was formed just last year through the merger of two small SME IT support companies: UK-based PC Medics and US-based Nexus Management Inc. The addition of Fix IT should take the company to over £3m in annual revenue, and will give Nexus a few more feet on the street to help boost organic growth, which is currently flat. Nexus may be able to re-ignite some organic growth through its cross-Atlantic proposition - though we'd be surprised if many of its SME clients were interested in a "global" delivery capability. In truth, the real benefit of its model is the ability to pool resources, particularly when today's remote-technologies enable Nexus to have its data centre in Maine, and call centre support in Scotland. There are very many small IT support companies like Nexus across both the US and UK which make a good living from serving local SMEs, but organic growth in this market is hard to come by. This is why we think Nexus's best opportunity here is to scale in-organically, while improving margins by consolidating delivery and support operations.
Oracle	Portal Software	Billing software vendor	100%	n/a	Each time Oracle makes an acquisition we are asked "is this the last one?" In the telco sector, Oracle has been busy enough of late and so this is likely to be the last acquisition of its kind for a while. But in other areas the shopping spree will continue, as the economics of consolidation in the software industry drive Oracle's agenda. The two areas where we think its portfolio can still be enhanced are Fusion middleware, and to fill functionality gaps for other investment industries such as retail and healthcare.
Torex Retail	Savista	NEOMAlogic is headquartered in Paris, and its main product is its Global Trade Portal, which it sells to international departments in banks.	Retail point of sale business of US-based company	n/a	Certainly, the Savista deal takes Torex Retail further into the US market, where it started expanding last August through the acquisition of Retail Store Systems (RSS) for $27.9m (£15m). But we think that it is the association with a global roll-out for McDonalds, the largest QSR retailer in the world, that is the most important part of this purchase, particularly for Torex Retail's credentials as a global retail software company. Having worked with the world's recognised leader in the QSR market, Savista should significantly boost Torex Retail's ability to pick up more players in this market globally, not just in the US.

Recent IPOs

Name	Activity	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Apr 06	Change since IPO
Mobestar Holdings Plc	wireless video technology	SP	AIM	116p	£44m	25-Apr-06	115p	-0.4%
Burst Media Corp Plc	Internet advertising services	CS	AIM	82p	£68m	21-Apr-06	88p	6.7%
IX Europe Plc	datacentre hosting	CS	AIM	22p	£38m	07-Apr-06	32p	45.5%

Forthcoming IPOs

Name	Activity	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Atelis Plc	VoIP technology	SP	AIM	n/a	n/a	08-May-06
Velti Plc	Telecoms applications	SP	AIM	n/a	n/a	03-May-06

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

	SCS Cat.	Share Price 28-Apr-06	Capitalisation 28-Apr-06	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 28-Apr-06	Share price move since 31-Mar-06	Share price % move in 2006	Capitalisation move since 31-Mar-06
Alphameric	SP	0.91	109.76	17.2	1.49	417.43	7%	2%	£7.24m
Alterian	SP	1.24	50.21	33.3	6.44	617.50	5%	-7%	£2.44m
Anite Group	CS	0.71	248.42	59.2	1.31	415.20	-12%	4%	-£33.24m
Ascribe	SP	0.32	33.71		6.30	1,657.89	-8%	-10%	-£2.94m
Atlantic Global	SP	0.21	4.69		2.20	694.92	5%	-5%	£0.23m
Autonomy Corporation	SP	4.50	805.61	86.1	14.69	137.44	-8%	15%	-£66.65m
Aveva Group	SP	11.73	256.93	41.9	4.47	5,865.00	8%	26%	£17.96m
Axon Group	CS	3.27	189.21	29.2	2.06	1,868.57	-2%	20%	-£4.63m
Bond International	SP	1.19	29.90	14.8	2.15	1,823.08	3%	20%	£0.76m
Brady	SP	0.24	6.19		2.55	296.30	17%	-24%	£0.90m
Business Systems	CS	0.12	9.29	10.9	0.31	100.84	2%	-29%	-£0.49m
Capita Group	CS	4.66	3075.04	28.6	2.14	125,901.65	1%	12%	£172.59m
Centrom	CS	0.03	4.92		0.78	458.33	-19%	-39%	-£1.12m
Charteris	CS	0.26	11.18	21.3	0.58	288.89	-16%	-28%	-£2.15m
Chelford Group	CS	2.93	20.87	16.3	1.76	50,869.47	-2%	21%	-£0.35m
Civica	CS	2.46	153.33	205.0	1.45	1,405.34	-5%	-1%	-£5.98m
Clarity Commerce	SP	0.67	12.69	26.8	0.95	536.00	0%	-12%	£2.01m
Clinical Computing	SP	0.06	1.93		1.17	49.40	11%	-39%	£0.20m
CODASciSys	CS	5.32	135.78	21.5	1.87	4,122.09	4%	28%	£5.17m
Compel Group	CS	0.84	27.76	26.1	0.44	668.00	-5%	-7%	-£1.33m
Computacenter	R	2.59	493.47	23.8	0.22	386.94	2%	2%	£8.09m
Computer Software Group	SP	0.84	47.42	20.7	3.37	710.63	-1%	25%	-£0.28m
Cornwell Management Consultants	CS	0.95	16.65	14.8	0.94	678.64	-8%	27%	-£1.41m
Corpora	SP	0.09	8.96		17.95	226.97	-9%	-30%	-£0.46m
DCS Group	CS	0.19	5.95		0.11	320.83	-15%	79%	-£1.08m
Dealogic	SP	1.64	116.54	13.4	3.76	710.87	6%	11%	£6.77m
Delcam	SP	3.18	19.36	9.8	0.81	1,221.15	-7%	-4%	-£1.43m
Detica	CS	12.90	288.35	35.1	4.11	3,225.00	3%	7%	£7.82m
Dicom Group	R	2.25	195.45	34.2	1.09	689.76	1%	8%	£1.52m
Dimension Data	R	0.52	702.75	73.0	0.51	92.36	-5%	30%	-£33.79m
DRS Data & Research	SP	0.39	12.59		1.01	350.00	3%	3%	£0.33m
Electronic Data Processing	SP	0.63	13.56		1.95	1,913.66	1%	-6%	£1.20m
FDM Group	A	0.84	19.50	20.5	0.59	1,030.67	4%	0%	£0.81m
Ffastfill	SP	0.04	9.10		3.43	31.25	-6%	-3%	-£0.61m
Financial Objects	CS	0.45	19.75		1.42	195.65	8%	14%	£1.54m
Flomerics Group	SP	1.06	0.23		0.02	4,057.69	-7%	21%	-£0.05m
Focus Solutions Group	CS	0.18	5.08	19.7	0.94	91.03	-11%	-15%	-£0.64m
GB Group	CS	0.33	27.00		2.40	211.24	-4%	-4%	-£0.91m
Gladstone	SP	0.24	12.42	28.6	1.62	600.00	2%	2%	£0.26m
Glotel	A	0.87	33.56	14.9	0.37	449.35	2%	5%	£0.58m
Gresham Computing	CS	1.09	54.83		3.92	1,166.67	19%	34%	£8.59m
Group NBT	CS	1.39	27.03	15.9	2.40	692.50	3%	21%	£0.78m
Harvey Nash Group	A	0.67	4.41		0.02	380.00	-3%	49%	£0.32m
Highams Systems Services	A	0.03	0.84		0.06	72.92	-13%	-16%	-£0.12m
Horizon Technology	CS	0.70	58.03	13.5	0.30	255.60	-7%	-17%	-£1.99m
I S Solutions	CS	1.78	71.00	31.8	4.54	1,163.93	5%	1215%	£3.20m
IBS OPENSystems	CS	0.15	3.60	39.2	0.65	540.35	7%	-91%	£0.25m
ICM Computer Group	CS	3.10	65.06	20.1	0.84	1,722.22	-2%	-7%	-£1.05m
IDOX	SP	0.12	22.41	14.1	2.35	15.40	-6%	-16%	-£1.40m
In Technology	CS	0.40	55.74		0.20	1,580.00	-2%	23%	-£1.41m
Innovation Group	SP	0.57	16.31		0.59	991.30	1%	90%	£0.00m
Intelligent Environments	SP	0.32	135.81		2.23	138.65	0%	877%	£0.00m
Intercede Group	SP	0.04	5.89		1.92	38.56	21%	-89%	£1.02m
InterQuest Group	A	0.28	1.86		1.03	466.67	6%	-35%	£0.00m
Invu	SP	0.22	38.89	17.2	12.35	2,263.14	-7%	2%	-£1.98m
iSOFT Group	SP	1.18	273.17	7.3	1.04	1,068.18	-20%	-70%	-£67.42m
iTrain	SP	0.05	3.74	47.5	3.42	55.88	19%	-12%	£0.59m
K3 Business Technology	SP	0.98	16.71		0.76	744.96	-4%	19%	-£0.69m
Kewill	SP	0.80	63.01	20.0	2.36	1,581.03	-10%	11%	-£6.89m
Knowledge Technology Solutions	SP	0.02	2.59		2.08	350.00	0%	0%	£0.00m
LogicaCMG	CS	1.79	2052.80	24.2	1.12	2,451.38	-9%	1%	-£198.40m
Lorien	A	0.42	7.73		0.06	415.00	8%	5%	£0.56m
Macro 4	SP	2.46	54.85	36.6	1.66	989.92	-4%	-6%	-£2.01m
Manpower Software	SP	0.24	10.45	49.0	2.03	242.27	-8%	-18%	-£0.89m
Maxima Holdings	CS	1.69	26.37	18.5	2.13	1,225.45	2%	9%	£0.39m

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

	SCS Cat.	Share Price 28-Apr-06	Capitalisation 28-Apr-06	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 28-Apr-06	Share price move since 31-Mar-06	Share price % move in 2006	Capitalisation move since 31-Mar-06
Mediasurface	SP	0.14	10.81		2.00	1,029.41	12%	19%	£1.16m
Micro Focus	SP	0.87	173.28	15.0	2.13	0.00	6%	-26%	£9.96m
Microgen	CS	0.59	59.98	13.9	1.47	250.00	-11%	-20%	-£7.55m
Minorplanet Systems	SP	0.50	14.87		0.68	1,010.82	-1%	13%	-£0.15m
Misys	SP	2.08	1038.55	28.9	1.17	2,587.76	-7%	-13%	-£101.74m
Mondas	SP	0.18	6.12		1.33	233.33	75%	35%	£2.62m
Morse	R	1.00	154.96		0.40	400.00	-3%	5%	-£5.42m
MSB International	A	0.51	10.46		0.11	268.42	13%	42%	£1.23m
NCC Group	CS	2.66	86.73	25.4	4.62	1,592.81	-4%	15%	-£3.75m
Ncipher	SP	2.32	65.28	21.1	3.76	926.00	-8%	12%	-£5.92m
Netcall	SP	0.16	10.23	51.7	4.24	313.13	-3%	19%	-£0.33m
Netstore	CS	0.40	49.48		2.31	265.00	3%	3%	£1.56m
Nexus Management	CS	0.01	3.24		2.79	300.00	27%	50%	£0.69m
Northgate Information Solutions	CS	0.78	415.49	43.6	2.02	300.00	-3%	-9%	-£14.65m
NSB Retail Systems	SP	0.34	124.59	8.2	2.57	2,956.52	0%	5%	£0.00m
OneclickHR	SP	0.03	4.65		0.97	78.13	-22%	-29%	-£1.30m
OPD Group (was PSD Group)	A	2.99	79.35	21.5	1.82	1,357.95	-5%	19%	-£4.45m
Patsystems	SP	0.15	24.05		1.56	137.85	7%	9%	£1.81m
Phoenix IT	CS	3.11	184.33	22.1	2.09	1,151.85	2%	15%	£2.96m
Pilat Media Global	SP	0.53	27.52	15.5	2.12	2,625.00	4%	18%	£1.07m
Pixology	SP	0.44	8.70		1.93	311.66	-16%	-21%	-£1.70m
Planit Holdings	SP	0.24	21.53	14.7	0.77	979.17	0%	-8%	£0.00m
Portrait Software (was AIT)	CS	0.15	12.74		0.89	95.20	2%	-45%	£0.22m
Prologic	CS	0.85	8.50	29.7	1.23	1,024.10	2%	38%	£0.20m
QA	CS	0.01	3.80	33.1	0.12	5.94	-4%	77%	-£0.14m
Qonnectis	CS	0.02	3.34		55.74	566.67	0%	0%	£0.00m
Quantica	A	0.70	45.96	16.8	1.18	562.50	0%	19%	£0.16m
Red Squared	CS	0.05	1.52		0.62	295.33	2%	-19%	£0.04m
Retail Decisions	SP	1.36	106.04	15.0	1.94	1,837.00	3%	2%	£2.73m
RM	SP	1.95	179.97	84.8	0.69	5,571.43	-4%	23%	-£8.31m
Royalblue Group	SP	9.01	294.44	28.5	3.97	5,300.00	1%	25%	£4.25m
Sage Group	SP	2.50	3230.92	22.4	4.16	96,153.85	-9%	-3%	-£331.99m
Sanderson Group	SP	0.44	18.19		1.25	870.00	-9%	-17%	-£1.88m
SDL	CS	2.02	124.17	41.5	1.58	1,348.33	-6%	-6%	-£7.83m
ServicePower	SP	0.31	25.10		3.16	310.00	-8%	0%	-£2.23m
Sirius Financial	SP	1.34	23.62	268.0	1.08	893.33	-3%	-8%	-£0.79m
SiRViS IT plc	CS	0.04	4.13		1.28	31.52	0%	21%	£0.00m
smartFOCUS plc	SP	0.17	13.30	132.7	2.20	1,864.86	-18%	15%	-£2.89m
Sopheon	SP	0.22	29.27		6.28	316.55	-10%	13%	-£3.31m
Spring Group	A	0.44	70.43		0.15	486.11	-17%	-29%	-£14.89m
StatPro Group	SP	0.80	28.84	17.4	2.67	1,000.00	9%	21%	£3.08m
SThree Group plc	A	3.27	451.16	20.2	1.86	1,587.38	0%	51%	£1.03m
Stilo International	SP	0.02	1.92		0.92	42.50	6%	-19%	£0.11m
SurfControl (was JSB)	SP	5.45	21.64		0.41	2,725.00	-2%	4%	£3.61m
Systems Union	SP	2.11	233.18	30.5	2.06	1,619.23	6%	60%	£14.12m
Tadpole Technology	SP	0.02	9.45		1.96	57.34	-5%	-34%	-£0.50m
Tikit Group	CS	2.02	25.39	118.5	1.26	1,752.17	-1%	15%	-£0.40m
Torex Retail	SP	0.94	340.64		2.04	2,350.00	2%	-12%	£39.17m
Total Systems	SP	0.39	4.05	18.5	1.17	726.42	3%	-4%	£0.11m
Touchstone Group	SP	1.64	20.33		1.18	1,561.90	9%	21%	£1.74m
Trace Group	SP	1.05	15.95	14.7	1.03	840.00	4%	10%	£0.84m
Triad Group	CS	0.33	4.92		0.11	240.74	-25%	-36%	-£1.67m
Ubiquity Software	SP	0.33	59.77		8.01	816.58	-13%	-13%	-£9.03m
Ultima Networks	R	0.01	2.31		1.21	27.44	0%	-31%	£0.00m
Ultrasis Group	SP	0.02	27.83		18.13	42.65	6%	4%	£1.66m
Universe Group	SP	0.17	11.32	9.6	0.26	766.67	-4%	-9%	-£0.05m
Vega Group	CS	2.17	44.07	19.1	0.84	1,774.59	-8%	6%	-£3.87m
VI group	SP	0.10	3.54		0.37	190.00	-5%	15%	-£0.19m
Xansa	CS	0.93	321.24	27.3	0.85	2,384.62	-2%	3%	-£3.87m
XKO Group	SP	1.13	39.01	2.8	0.87	753.33	-6%	12%	-£2.42m
Xpertise Group	CS	0.52	2.76		0.21	26.00	-8%	-37%	-£0.24m

Note: We calculate PSR as market capitalisation divided by sales in the most recently announced financial year.
Main **SYSTEM**HOUSE 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

	Final - Dec 04	Final - Dec 05	Comparison
REV	£1,202,924	£1,454,073	+20.9%
PBT	-£384,745	-£1,683,883	Loss both
EPS	-2.20p	-8.50p	Loss both

Alphameric plc

	Final - Nov 04	Final - Nov 05	Comparison
REV	£69,973,000	£73,493,000	+5.0%
PBT	-£59,487,000	£7,555,000	Loss to profit
EPS	-50.90p	5.10p	Loss to profit

Alterian plc

	Interim - Sept 04	Final - Mar 05	Interim - Sept 04	Comparison
REV	£2,511,000	£7,806,000	£3,422,000	+36.3%
PBT	-£1,945,000	-£649,000	-£1,082,000	Loss both
EPS	-3.93p	-0.04p	-2.68p	Loss to profit

Anite Group plc

	Interim - Oct 04	Final - Apr 05	Interim - Oct 05	Comparison
REV	£96,472,000	£189,403,000	£83,566,000	-13.4%
PBT	£9,539,000	£6,820,000	£10,066,000	+5.5%
EPS	1.90p	0.50p	2.60p	+36.8%

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

	Final - Dec 04	Final- Dec 05	Comparison
REV	£35,379,067	£54,834,272	+55.0%
PBT	£4,682,488	£7,210,588	+54.0%
EPS	0.03p	0.04p	+33.3%

Aveva Group plc

	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£24,078,000	£57,163,000	£29,036,000	+20.6%
PBT	£2,832,000	£9,124,000	£4,406,000	+55.6%
EPS	8.37p	23.78p	12.48p	+49.1%

Axon Group plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£60,273,000	£91,799,000	+52.3%
PBT	£6,600,000	£8,128,000	+23.2%
EPS	8.50p	10.50p	+23.5%

Bond International Software plc

	Final - Dec 04	Final- Dec 05	Comparison
REV	£9,578,000	£13,924,000	+45.4%
PBT	£1,881,000	£2,668,000	+41.8%
EPS	6.63p	7.82p	+17.9%

Brady plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£4,832,440	£2,431,609	-49.7%
PBT	£1,914,789	-£1,035,046	Profit to loss
EPS	5.80p	-2.70p	Profit to loss

Business Systems Group Holdings plc

	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£12,624,000	£29,485,000	£18,800,000	+48.9%
PBT	£196,000	£576,000	£499,000	+154.6%
EPS	0.45p	0.90p	0.60p	+33.3%

Capita Group plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£1,285,100,000	£1,435,500,000	+11.7%
PBT	£117,000,000	£153,100,000	+30.9%
EPS	11.21p	16.05p	+43.2%

Charteris plc

	Interim - Jan 05	Final - Jul 05	Interim - Jan 06	Comparison
REV	£8,866,000	£19,290,000	£10,662,000	+20.3%
PBT	£438,000	£891,000	£407,000	-7.1%
EPS	0.63p	1.28p	0.56p	-11.1%

Chelford Group plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£11,852,000	£14,494,000	+22.3%
PBT	£282,000	£1,367,000	+384.8%
EPS	3.72p	n/a	n/a

Civica plc

	Final - Sep 04	Final - Sep 05	Comparison
REV	£104,100,000	£106,028,000	+1.9%
PBT	£8,300,000	£2,501,000	-69.9%
EPS	11.50p	1.10p	-90.4%

Clarity Commerce plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£8,236,000	£16,310,000	£8,415,000	+2.2%
PBT	£306,000	£513,000	£323,000	+5.6%
EPS	2.49p	2.36p	1.47p	-41.0%

Clinical Computing plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£1,757,997	£1,655,806	-5.8%
PBT	-£1,087,741	-£1,538,499	Loss both
EPS	-2.40p	-4.40p	Loss both

CODASciSys plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£67,830,000	£72,771,000	+7.3%
PBT	£3,914,000	£7,666,000	+95.9%
EPS	8.90p	22.60p	+153.9%

Comino Group plc

	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£12,229,000	£25,533,000	£13,061,000	+6.8%
PBT	£849,000	£2,297,000	£1,401,000	+65.0%
EPS	4.00p	11.10p	6.60p	+65.0%

Compel Group plc

	Interim - Dec 04	Final - Jun 05	Interim - Dec 05	Comparison
REV	£41,512,000	£79,103,000	£41,032,000	-1.2%
PBT	£1,204,000	£1,346,000	£931,000	-22.7%
EPS	3.60p	3.40p	2.10p	-41.7%

Computacenter plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£2,410,590,000	£2,285,209,000	-5.2%
PBT	£67,928,000	£34,012,000	-49.9%
EPS	23.50p	10.90p	-53.6%

Computer Software Group plc

	Interim - Aug 04	Final - Feb 05	Interim - Aug 05	Comparison
REV	5328000	£14,072,000	£10,972,000	+105.9%
PBT	£86,000	£928,000	£955,000	+1010.5%
EPS	0.25p	3.19p	0.98p	+292.0%

Cornwell Management Consultants plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£17,738,285	£20,720,174	+16.8%
PBT	£1,257,282	£1,579,959	+25.7%
EPS	7.70p	6.40p	-16.9%

Corpora plc

	Final - Jun 04	Final Jun 05	Comparison
REV	£499,381	£1,930,101	+286.5%
PBT	-£2,649,553	-£4,844,338	Loss both
EPS	-16.10p	-11.50p	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 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£16,395,000	£33,446,080	£17,260,330	+5.3%
PBT	£4,879,000	£10,538,040	£6,112,500	+25.3%
EPS	2.14p	5.53p	4.18p	+95.3%

Delcam plc

	Final - Dec 04	Final- Dec 05	Comparison
REV	£21,503,000	£24,011,000	+11.7%
PBT	£1,364,000	£2,337,000	+71.3%
EPS	21.60p	32.30p	+49.5%

Detica Group plc

	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£32,311,000	£70,210	£43,466,000	+34.5%
PBT	£3,948,000	£9,049,000	£4,647,000	+17.7%
EPS	12.60p	28.10p	18.00p	+42.9%

Dicom Group plc

	Interim - Dec 04	Final - Jun 05	Interim - Dec 05	Comparison
REV	£86,908,000	£179,795,000	£102,877,000	+18.4%
PBT	£7,450,000	£10,479,000	£4,640,000	-37.7%
EPS	5.90p	27.30p	3.40p	-42.4%

Dimension Data Holdings plc

	Final - Sep 04	Final - Sep 05	Comparison
REV	£1,371,186,768	£1,571,761,404	+14.6%
PBT	-£2,423,052	£28,800,244	Loss to profit
EPS	-1.53p	0.78p	Loss to profit

DRS Data & Research Services plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£14,408,000	£12,452,000	-13.6%
PBT	£452,000	£17,000	-96.2%
EPS	1.35p	-0.02p	Profit to loss

Electronic Data Processing plc

	Final - Sep 04	Final - Sep 05	Comparison
REV	£8,319,000	£6,971,000	-16.2%
PBT	£1,032,000	£431,000	-58.2%
EPS	2.61p	1.01p	-61.3%

FDM Group plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£32,971,000	£35,068,000	+6.4%
PBT	£1,805,000	£1,565,000	-13.3%
EPS	5.00p	4.10p	-18.0%

Ffastfill Plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 04	Comparison
REV	£1,583,000	£4,327,000	£227,700	-85.6%
PBT	£1,594,000	-£2,879,000	£1,566,000	Loss both
EPS	-1.00p	-1.60p	-0.70p	Loss both

Financial Objects plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£9,509,000	£13,916,000	+46.3%
PBT	-£45,000	-£183,000	Loss both
EPS	-0.16p	-0.52p	Loss both

Flomerics Group plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£10,241,000	£11,424,000	+11.6%
PBT	£671,000	£966,000	+44.0%
EPS	3.85p	6.01p	+56.1%

Focus Solutions Group plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£1,921,000	£5,431,000	£2,731,000	+42.2%
PBT	-£809,000	£26,000	-£585,000	Loss both
EPS	-2.80p	0.10p	-2.00p	Loss both

GB Group plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£5,232,000	£11,231,000	£5,939,000	+13.5%
PBT	-£20,000	£146,000	-£183,000	Loss both
EPS	0.00p	0.30p	-0.20p	Loss both

Gladstone Plc

	Final - Aug 04	Final - Aug 05	Comparison
REV	£7,649,463	£8,411,642	+10.0%
PBT	£498,926	£195,919	-60.7%
EPS	1.19p	0.38p	-68.1%

Glotel plc

	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£58,141,000	£119,496,000	£68,718,000	+18.2%
PBT	£1,027,000	£2,571,000	£1,655,000	+61.1%
EPS	1.70p	4.70p	3.00p	+76.5%

Gresham Computing plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£12,398,000	£13,982,000	+12.8%
PBT	-£1,067,000	-£1,246,000	Loss both
EPS	-1.54p	-2.20p	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

	Final - Jan 05	Final - Jan 06	Comparison
REV	£163,374,000	£202,294,000	+23.8%
PBT	£3,169,000	£4,003,000	+26.3%
EPS	3.62p	5.05p	+39.5%

Highams Systems Services Group plc

	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£4,496,000	£13,512,000	£8,844,000	+96.7%
PBT	-£195,000	-£523,000	-£29,000	Loss both
EPS	-0.83p	-1.90p	-0.09p	Loss both

Horizon Technology Group plc

	Final Dec 04	Final - Dec 05	Comparison
REV	£190,777,237	£205,876,300	+7.9%
PBT	£4,872,000	£4,647,300	-4.6%
EPS	5.41p	5.11p	-5.5%

IBS OPENSystems plc

	Final - Dec 04	Final -Dec 05	Comparison
REV	£17,099,000	£15,623,000	-8.6%
PBT	£4,904,000	£3,331,000	-32.1%
EPS	n/a	6.00p	n/a

ICM Computer Group plc

	Final - Jun 04	Final - Jun 05	Comparison
REV	£77,542,000	£77,628,000	+0.1%
PBT	£4,380,000	£4,438,000	+1.3%
EPS	14.00p	14.90p	+6.4%

IDOX plc

	Interim - April 04	Final - Oct 04	Interim - April 05	Comparison
REV	£3,284,000	£9,555,000	£7,024,000	+113.9%
PBT	-£193,000	£89,000	£214,000	Loss to Profit
EPS	0.03p	0.23p	0.12p	Loss to Profit

Innovation Group plc (The)

	Final - Sep 04	Final - Sep 05	Comparison
REV	£58,051,000	£60,916,000	+4.9%
PBT	-£7,349,000	-£11,344,000	Loss both
EPS	-1.98p	-2.94p	Loss both

InTechnology plc

	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£132,420,000	£283,522,000	£131,779,000	-.5%
PBT	-£2,167,000	-£2,465,000	-£14,088,000	Loss both
EPS	-1.61p	-1.84p	-9.88p	Loss both

Intelligent Environments Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£3,485,000	£3,074,928	-11.8%
PBT	-£209,928	-£452,796	Loss both
EPS	-0.02p	-0.23p	Loss both

Intercede Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£1,605,000	£1,806,000	+12.5%
PBT	-£661,000	-£426,000	Loss both
EPS	-2.90p	-0.70p	Loss both

InterQuest Group plc

	Final - Dec 04	Final- Dec 05	Comparison
REV	£24,389,937	£27,598,849	+13.2%
PBT	£926,876	£1,370,527	+47.9%
EPS	4.80p	6.60p	+37.5%

iomart Group plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£6,428,000	£16,603,000	£10,952,000	+70.4%
PBT	£107,000	£1,724,000	£1,417,000	Loss to Profit
EPS	0.24p	4.26p	1.79p	N/a

INVU plc

	Final - Jan 05	Final - Jan 06	Comparison
REV	£3,149,000	£4,775,000	+51.6%
PBT	£608,000	£1,248,000	+105.3%
EPS	0.64p	1.23p	+92.2%

iSOFT Group plc

	Final - Apr 04	Final - Apr 05	Comparison
REV	£149,260,000	£261,992,000	+75.5%
PBT	£17,593,000	£44,524,000	+153.1%
EPS	6.57p	10.97p	+67.0%

I S Solutions plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£5,514,000	£5,085,000	-7.8%
PBT	-£328,000	£108,000	Loss to Profit
EPS	-1.04p	0.35p	Loss to Profit

iTrain plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£436,885	£1,094,097	£947,655	+116.9%
PBT	-£29,634	£70,076	£33,494	Loss to Profit
EPS	n/a	0.10p	n/a	N/a

K3 Business Technology Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£2,790,000	£8,529,000	£9,344,000	+234.9%
PBT	£1,174,000	£1,160,000	£72,000	-93.9%
EPS	9.00p	10.00p	-1.10p	Profit to loss

Kewill Systems plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£13,198,000	£26,680,000	£13,699,000	+3.8%
PBT	£1,011,000	£2,894,000	£1,339,000	+32.4%
EPS	1.60p	3.40p	1.50p	-6.3%

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

	Final - Dec 04	Final - Dec 05	Comparison
REV	£1,669,800,000	£1,834,100,000	+9.8%
PBT	£42,400,000	£105,600,000	+149.1%
EPS	1.90p	7.40p	+289.5%

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

	Interim - Dec 04	Final - Jun 05	Interim - Dec 05	Comparison
REV	£16,596,000	£33,103,000	£14,940,000	-10.0%
PBT	£1,767,000	£2,779,000	£1,482,000	-16.1%
EPS	5.50p	11.80p	4.70p	-14.5%

Manpower SoftWare plc

	Final - May 04	Final - May 05	Comparison
REV	£5,146,663	£5,909,466	+14.8%
PBT	£388,906	£336,139	Profit to loss
EPS	1.00p	0.70p	Loss to profit

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Matrix Communications Group plc
	Final - Oct 04		Final - Oct 05	Comparison
REV	£10,603,000		£54,408,000	+413.1%
PBT	£890,000		-£1,836,000	Profit to loss
EPS	3.00p		-7.30p	Profit to loss

Maxima Holdings plc
	Interim - Nov 04	Final - May 05	Interim - Nov 05	Comparison
REV	£6,194,000	£8,076,167	£8,093,000	+30.7%
PBT	£800,000	£1,038,016	£389,000	-51.4%
EPS	4.34p	8.30p	1.44p	-66.8%

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	£138,747	-£811,609	£350,342	+152.5%
EPS	0.20p	-1.00p	0.40p	+100.0%

Micro Focus International plc
	Final - Apr 04		Final - Apr 05	Comparison
REV	£73,867,000		£81,198,000	+9.9%
PBT	£12,874,000		£14,903,000	+15.8%
EPS	5.55p		6.28p	N/a

Microgen plc
	Final - Dec 04		Finals - Dec 05	Comparison
REV	£42,444,000		£40,782,000	-3.9%
PBT	£1,118,000		£5,530,000	+394.6%
EPS	0.20p		4.10p	+1950.0%

Minorplanet Systems Plc
	Final - Aug 04		Final - Aug 05	Comparison
REV	£31,300,000		£22,000,000	-29.7%
PBT	-£16,400,000		-£19,200,000	Loss both
EPS	-14.90p		-12.00p	Loss both

Misys plc
	Interim - Nov 04	Final - May 05	Interim - Nov 05	Comparison
REV	£437,000,000	£888,400,000	£480,500,000	+10.0%
PBT	£40,200,000	£77,100,000	£34,400,000	-14.4%
EPS	6.80p	12.30p	5.60p	-17.6%

Mondas plc
	Interim - Oct 04	Final - Apr 05	Interim - Oct 05	Comparison
REV	£1,816,653	£4,592,675	£1,538,960	-15.3%
PBT	-£1,454,358	-£1,384,081	-£1,159,743	Loss both
EPS	-5.50p	-5.30p	-4.40p	Loss both

Morse plc
	Interims - Dec 04	Final - Jun 05	Interims - Dec 05	Comparison
REV	£216,592,000	£429,531,000	£187,496,000	-13.4%
PBT	£2,598,000	£18,332,000	£6,112,000	+135.3%
EPS	0.60p	-14.10p	1.10p	+83.3%

MSB International plc
	Final - Jan 05		Final - Jan 06	Comparison
REV	£92,321,000		£95,660,000	+3.6%
PBT	£825,000		-£558,000	Profit to loss
EPS	3.34p		-2.89p	Profit to loss

NCC Group plc
	Interim - Nov 04	Final - May 05	Interim - Nov 05	Comparison
REV	£8,513,000	£18,786,000	£9,807,000	+15.2%
PBT	£2,312,000	£5,417,000	£2,606,000	+12.7%
EPS	3.30p	10.00p	5.30p	+60.6%

Ncipher Plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£14,244,000		£17,380,000	+22.0%
PBT	£2,061,000		£3,833,000	+86.0%
EPS	7.80p		10.89p	Loss to profit

Netcall plc
	Interim - Dec 04	Final - Jun 05	Interim - Dec 05	Comparison
REV	£1,432,000	£2,822,086	£1,592,700	+11.2%
PBT	£50,600	£158,059	£149,100	+194.7%
EPS	0.10p	0.20p	0.20p	+100.0%

Netstore plc
	Interim - Dec 04	Final - Jun 05	Interim - Dec 05	Comparison
REV	£10,111,000	£21,397,000	£16,140,000	+59.6%
PBT	£321,000	£653,000	-£1,659,000	Profit to loss
EPS	0.56p	1.43p	1.13p	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
	Interim - Oct 04	Final - Apr 05	Interim - Oct 05	Comparison
REV	£96,816,000	£205,692,000	£162,664,000	+68.0%
PBT	£3,881,000	£3,889,000	£10,003,000	+157.7%
EPS	2.40p	0.79p	1.18p	-50.8%

NSB Retail Systems plc
	Final - Dec 04		Finals - Dec 05	Comparison
REV	£45,399,000		£48,387,000	+6.6%
PBT	-£8,680,000		£9,969,000	Loss to profit
EPS	-2.14p		4.00p	Loss to profit

OneclickHR plc
	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£2,291,391	£4,764,879	£2,785,928	+21.6%
PBT	-£730,170	-£1,745,204	-£135,855	Loss both
EPS	-0.66p	-1.30p	-0.09p	Loss both

OPD Group plc
	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£20,378,000	£43,714,000	£26,952,000	+32.3%
PBT	£1,583,000	£2,856,000	£2,317,000	+46.4%
EPS	3.70p	7.20p	6.60p	+78.4%

Parity Group plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£169,860,000		£138,523,000	-18.4%
PBT	-£6,914,000		-£8,425,000	Loss both
EPS	-2.24p		-3.23p	Loss both

Patsystems plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£11,775,000		£15,457,000	+31.3%
PBT	-£2,929,000		-£777,000	Loss both
EPS	-1.40p		-0.50p	Loss both

Phoenix IT Group plc
	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£41,549,000	£88,331,000	£54,751,000	+31.8%
PBT	£7,065,000	£11,084,000	£8,851,000	+25.3%
EPS	11.00p	15.40p	10.10p	-8.2%

Pilat Media Global plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£12,052,232		£13,004,880	+7.9%
PBT	£1,834,969		£2,465,999	+34.4%
EPS	2.49p		3.28p	+31.7%

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
	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£8,017,000	£14,288,000	£4,827,000	-39.8%
PBT	£1,558,000	£1,433,000	£464,000	-70.2%
EPS	2.87p	2.49p	-0.77p	-126.8%

Prologic plc
	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£2,067,000	£6,928,000	£4,513,000	+118.3%
PBT	-£4,000	£1,433,000	£21,000	Loss to profit
EPS	-0.02p	2.76p	-0.10p	Loss both

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
	Interims - Dec 04	Final - Jun 05	Interims - Dec 05	Comparison
REV	£26,050	£60,007	£66,983	+157.1%
PBT	-£364,256	-£1,048,503	-£415,393	Loss both
EPS	-0.36p	-0.93p	-0.25p	Loss both

Quantica plc
	Final - Nov 04		Final - Nov 05	Comparison
REV	£30,848,000		£38,922,000	+26.2%
PBT	£1,957,000		£2,560,000	+30.8%
EPS	3.32p		3.86p	+16.3%

Raft International plc
	Final - Oct 04		Final - Oct 05	Comparison
REV	£7,261,000		£8,126,000	+11.9%
PBT	-£991,000		-£1,410,000	Loss both
EPS	-1.45p		-2.14p	Loss both

Red Squared plc
	Final - Sep 04		Final - Sep 05	Comparison
REV	£1,696,513		£2,455,915	+44.8%
PBT	-£466,614		-£290,700	Loss both
EPS	-2.32p		-1.05p	Loss both

Retail Decisions plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£31,737,000		£54,672,000	+72.3%
PBT	£6,144,000		£8,020,000	+30.5%
EPS	6.95p		8.84p	+27.2%

RM plc
	Final - Sep 04		Final - Sep 05	Comparison
REV	£263,264,000		£262,707,000	-2%
PBT	£7,054,000		£5,459,000	-22.6%
EPS	4.30p		2.20p	-48.8%

royalblue group plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£59,768,000		£74,234,000	+24.2%
PBT	£9,802,000		£11,336,000	+15.6%
EPS	23.40p		31.00p	+32.5%

Sage Group plc
	Final - Sep 04		Final - Sep 05	Comparison
REV	£687,585,000		£776,621,000	+12.9%
PBT	£181,144,000		£205,357,000	+13.4%
EPS	9.85p		11.10p	+12.7%

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
	Final - Dec 04		Final - Dec 05	Comparison
REV	£62,690,000		£78,479,000	+25.2%
PBT	£4,432,000		£5,217,000	+17.7%
EPS	5.19p		4.68p	-9.8%

ServicePower Technologies plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£4,114,000		£7,937,000	+92.9%
PBT	-£3,743,000		-£1,611,000	Loss both
EPS	-5.34p		-2.14p	Loss both

Sirius Financial Solutions plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£21,704,052		£21,780,968	+0.4%
PBT	£385,444		£340,229	-11.7%
EPS	1.40p		0.50p	-64.3%

Sirvis IT plc
	Interim - Nov 04	Final - May 05	Interims - Nov 05	Comparison
REV	£3,948,000	£8,083,000	£4,028,000	+2.0%
PBT	£345,000	-£2,432,000	£202,000	-41.4%
EPS	0.16p	-2.45p	0.09p	-43.8%

smartFOCUS Group plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£2,850,101		£6,041,106	+112.0%
PBT	-£324,052		£33,424	Loss to profit
EPS	-0.30p		0.12p	Loss to profit

Sopheon plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£4,323,000		£4,664,000	+7.9%
PBT	-£2,394,000		-£1,236,000	Loss both
EPS	-2.00p		-0.90p	Loss both

Spring Group plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£474,534,000		£454,725,000	-4.2%
PBT	£963,000		-£7,485,000	Profit to loss
EPS	4.91p		-4.89p	Profit to loss

StatPro Group plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£9,072,000		£10,786,000	+18.9%
PBT	£162,000		£1,639,000	+911.7%
EPS	5.30p		4.50p	-15.1%

Sthree plc
	Final - Nov 04		Final - Nov 05	Comparison
REV	£242,413,000		£315,087,000	+30.0%
PBT	-£17,121,000		£12,152,000	Loss to profit
EPS	n/a		15.70p	n/a

Strategic Thought Group plc
	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£3,704,000	£9,250,000	£5,077,000	+37.1%
PBT	£513,000	£1,731,000	£901,000	+75.6%
EPS	1.70p	5.80p	3.40p	+100.0%

Stilo International Plc
	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£1,143,000	£2,076,000	£905,000	-20.8%
PBT	-£368,000	-£1,299,000	-£432,000	Loss both
EPS	-0.52p	-1.56p	-0.48p	Loss both

SurfControl plc
	Interim - Dec 04	Final - Jun 05	Interim - Dec 05	Comparison
REV	£25,440,000	£52,601,075	£27,072,000	+6.4%
PBT	£1,690,000	£4,097,312	-£337,000	Profit to loss
EPS	4.60p	20.80p	-0.88p	Profit to loss

Synchronica plc
	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£1,028,000	£2,424,000	-£1,784,000	-273.5%
PBT	-£1,370,000	-£2,376,000	-£952,000	Loss both
EPS	-9.60p	-14.70p	-5.10p	Loss both

System C Healthcare plc
	Interim - Nov 04	Final - May 05	Interim - Nov 05	Comparison
REV	£8,843,000	£18,228,185	£8,581,000	-3.0%
PBT	£1,710,000	£2,531,575	£400,000	-76.6%
EPS	2.31p	4.30p	3.08p	+33.3%

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
	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£1,476,000	£4,831,000	£4,439,000	+200.7%
PBT	-£1,515,000	-£2,767,000	-£1,411,000	Loss both
EPS	-0.60p	-1.00p	-0.40p	Loss both

Tikit Group plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£11,903,000		£20,162,000	+69.4%
PBT	£859,000		£632,000	-26.4%
EPS	4.50p		1.70p	-62.2%

Torex Retail plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£67,935,000		£167,366,000	+146.4%
PBT	£7,711,000		-£13,620,000	Profit to loss
EPS	2.90p		-5.40p	Profit to loss

Total Systems plc
	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£1,696,642	£3,451,633	£1,419,101	-16.4%
PBT	£136,878	£496,098	-£61,309	Profit to loss
EPS	1.03p	3.56p	-0.44p	Profit to loss

Touchstone Group plc
	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£7,749,000	£17,269,000	£9,757,000	+25.9%
PBT	-£196,000	-£82,000	£231,000	Loss to profit
EPS	-2.41p	-3.20p	0.62p	Loss to profit

Trace Group plc
	Interim - Nov 04	Final - May 05	Interim - Nov 05	Comparison
REV	£7,314,000	£16,110,706	£7,210,000	-1.4%
PBT	£235,000	£1,223,406	£415,000	+76.6%
EPS	0.93p	5.92p	2.00p	+115.1%

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 03		Final - Dec 04	Comparison
REV	£1,770,000		£1,906,000	+7.7%
PBT	£169,000		£313,000	+85.2%
EPS	0.09p		0.14p	+55.6%

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
	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£20,349,000	£43,992,000	£22,302,000	+9.6%
PBT	-£224,000	-£74,000	£175,000	Loss to profit
EPS	-0.38p	-0.10p	0.23p	Loss to profit

Vega Group plc
	Interim - Oct 04	Final - Apr 05	Interim - Oct 05	Comparison
REV	£24,519,000	£52,602,000	£30,637,000	+25.0%
PBT	£1,638,000	£2,907,000	£1,963,000	+19.8%
EPS	5.83p	8.61p	6.24p	+7.0%

VI Group plc
	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£5,053,000	£9,698,000	£5,417,000	+7.2%
PBT	-£99,000	-£259,000	£189,000	Loss to profit
EPS	-0.60p	-0.84p	0.02p	Loss to profit

Xansa plc
	Interim - Oct 04	Final - Apr 05	Interim - Oct 05	Comparison
REV	£189,500,000	£376,400,000	£175,900,000	-7.2%
PBT	£4,900,000	£10,800,000	£7,800,000	+59.2%
EPS	1.15p	2.58p	1.90p	+65.2%

XKO Group plc
	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£21,585,000	£44,853,000	£11,624,000	-46.1%
PBT	-£1,225,000	£10,013,000	£615,000	Loss to profit
EPS	-4.80p	34.60p	1.20p	Loss to profit

Xpertise Group plc
	Final - Dec 04		Final - Dec 05	Comparison
REV	£13,170,000		£15,274,000	+16.0%
PBT	-£668,000		-£245,000	Loss both
EPS	0.16p		-0.06p	Loss both

Few spots of sunshine this Spring

It has been a very muted month for the Ovum S/ITS index, with overall growth coming in at -0.8%. Performance was poor across the board, with IT staffing agencies falling by 0.4%, resellers falling by 1.1% and computer services companies falling by 2.3% overall. Only software companies managed to keep their share prices flat as a group.

However, the S/ITS index did not fare as badly as other UK IT sector indices. Over the month the techMARK 100 fell 3.4% and the FTSE IT SCS fell by 5.8%. This is not too surprising given that these other two indices are weighted in favour of larger IT companies, which typically take the brunt of any volatility in the market. And looking back, we can see that in general the Ovum S/ITS index has been far less volatile than either the techMARK or FTSE IT SCS. Overall, Ovum S/ITS industry shares are still performing 3.2% higher than at the start of the year.

28-Apr-06	S/ITS Index	5238.34
	FTSE IT (SCS) Index	549.22
	techMARK 100	1436.70
	FTSE 100	6023.10
	FTSE AIM	1257.20
SCSI Index = 1000 on 15th April 1989	FTSE SmallCap	3626.74

Changes in Indices	S/ITS Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/04/06 to 28/04/06)	-0.83%	+0.98%	-3.43%	-5.81%	+4.86%	+0.39%
From 15th Apr 89	+423.83%	+193.29%				
From 1st Jan 90	+469.32%	+155.00%				
From 1st Jan 91	+640.01%	+178.80%				
From 1st Jan 92	+401.34%	+141.59%				
From 1st Jan 93	+228.71%	+111.60%				+161.41%
From 1st Jan 94	+213.75%	+76.20%				+94.08%
From 1st Jan 95	+249.41%	+96.48%				+107.67%
From 1st Jan 96	+131.94%	+63.26%	+82.03%		+31.86%	+86.80%
From 1st Jan 97	+95.65%	+46.24%	+57.07%		+28.80%	+66.13%
From 1st Jan 98	+72.60%	+17.28%	+50.59%	-45.08%	+26.73%	+56.78%
From 1st Jan 99	+32.90%	+2.39%	-1.33%	-62.02%	+56.84%	+75.13%
From 1st Jan 00	-54.33%	-13.09%	-61.99%	-85.23%	-34.95%	+17.07%
From 1st Jan 01	-37.43%	-3.20%	-44.00%	-71.82%	-12.56%	+13.93%
From 1st Jan 02	+9.17%	+15.44%	-2.44%	-34.95%	+40.03%	+40.62%
From 1st Jan 03	+93.10%	+52.86%	+121.45%	+61.43%	+108.53%	+99.21%
From 1st Jan 04	+12.02%	+34.54%	+41.55%	+9.06%	+50.49%	+46.53%
From 1st Jan 05	+6.35%	+25.11%	+20.09%	+13.06%	+25.00%	+31.49%
From 1st Jan 06	+3.15%	+7.20%	+0.35%	-3.41%	+20.18%	+9.72%

End Apr 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 Apr 06
System Houses	24.6%	-51.4%	-34.7%	17.7%	134.5%	22.2%	11.4%	5.8%	-2.3%
IT Staff Agencies	-72.2%	-75.8%	-61.4%	-30.4%	4.8%	-31.3%	-13.1%	5.7%	-0.4%
Resellers	94.3%	-6.4%	23.8%	37.8%	86.3%	-2.8%	7.1%	2.9%	-1.1%
Software Products	80.1%	-56.7%	-68.6%	1.3%	67.8%	3.4%	6.2%	1.8%	0.1%
Ovum S/ITS Index	32.9%	-54.3%	-37.4%	9.2%	93.1%	12.0%	6.4%	3.2%	-0.8%

There were a handful of remarkable growers in the month. But of those that saw their share price rise more than 10% this month, there were few that could justify it with their underlying financial performance. For example, MSB International's share price rise of 13% to 0.5 pence owed more to the fact that it is currently considering an acquisition approach than to its annual results, which saw operating profits slip from £1 million to £400,000 on turnover up 3.7% to £95.7 million.

Similarly, services player Gresham Computing saw its share price climb 19% to 1.09 pence, despite its 2005 results showing that it was still making a loss. The reason for its high valuation is its high-profile Real Time Nostro (RTN) service for which it partners with Cable & Wireless. In its latest results Gresham announced that it would now be taking on primary responsibility for sales, marketing, integration and application management in relation to the growing service. Take out RTN, and Gresham would be a rather unexciting finance and storage software and services firm.

Of the worse performers, health sector software company iSoft was again the most prominent. The company's share price fell 20% in the month to £1.18, which is 70% lower than at the start of the year - the biggest fall of any Ovum S/ITS company so far in 2006. Reports in the press and from other IT services companies that delays with its software development process are holding up the NHS's Connecting for Health (previously NPfIT) programme are still taking their toll on the company.

(Samad masood)