

System House

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Is 'founder culture' holding back the UK ITSA market?

For most of the last decade, the move away from the direct employment of IT staff by users towards the use of IT contractors had been one of the most significant reasons for the major growth in the UK software and IT services industry. Indeed, the IT contractor market generated revenues in excess of £5b in 1999, of which the lion's share went through IT staff agencies. As a result, ITSA revenues grew at a quite outstanding rate during most of the 1990s and many new companies were established to meet the demand for contract and permanent staff. Most ITSAs thrived as contractor rate increases exceeded 20% p.a., demand far outstripped supply, and margins increased. Some companies were either taken over as part of an industry consolidation - started by Philip Swinestead's Parity in the early 1990s - or undertook IPOs and achieved spectacular valuations.

But just as Y2K, and to a lesser extent the euro, had fuelled growth in the late 1990s, the Y2K 'microclimate' has had a dramatic effect across the UK software and IT services industry - and on ITSAs in particular - JUST AS WE HAD

WARNED!! Indeed, the past year has seen a major shake-out in the market, with share prices and associated valuations in trade sales tumbling as growth rates for some ITSAs shuddered to a halt - or indeed went negative! On top of that, changes to UK Government legislation (especially the notorious IR35) has added further uncertainty to an already reeling ITSA industry.

But ITSAs are **not** the only SCS companies that have been suffering from the Y2K hangover. The raft of recent earnings releases and profits warnings has hailed from the mighty as well as the midgets. Yet ITSA share prices have generally suffered more than other SCS companies - and still sit 4% BELOW the level they had on 1st Jan. 99. Yet if you take a closer look at the financial performance of ITSAs operating in the UK market, average revenue growth was around 17% -

actually some way above the 1999 UK SCS market average of 14%. So you'd have to wonder whether there might be 'darker forces' at play. Clearly then, 'market sentiment' is having a particularly damaging effect on ITSA share price and valuations, and we would say this sentiment is greatly influenced by the perception (or, to be more precise, the lack of perception) of ITSAs as 'quality' stocks. Partly as a result, the polarisation in the market we saw last year between 'commodity' and 'quality' seems to be continuing apace, with many ITSAs scrambling up the value chain to offer a broader range of services to clients, just as we have been recommending. Meanwhile, a new race has started

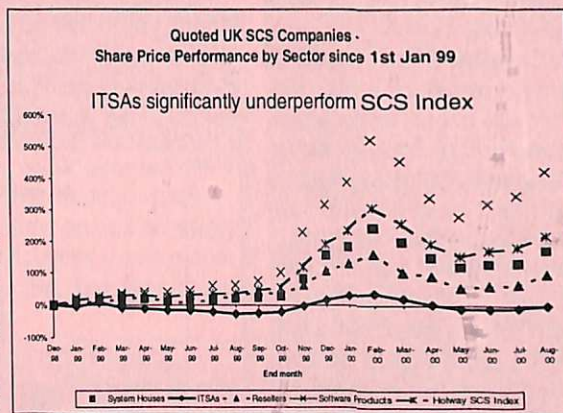
to see which ITSA can offer the best 'contractor care' scheme to attract and retain the top-notch candidates - and so improve their image with clients and investors. In addition, almost all ITSAs are looking to new technology - especially web-based - to help reduce the costs of matching candidates to clients and 'servicing' both relationships to try to boost profitability in a market where margins are ever more tightly squeezed.

But there's one other important area we think they need to look at - and that is **management**. One of the things that strikes us about the UK IT staffing 'industry' is how many of the leading ITSAs are still controlled - or at least profoundly influenced - by their founding fathers (they are rarely 'founding mothers'!) This in itself is not necessarily a problem so long as there is sufficient 'new blood' on the board to make sure the company is not being run solely for the benefit of the founders. Otherwise the risk is that we might end up with a highly fragmented - but very sizeable and important - 'cottage industry' where every player is only out for what they can get, and "who cares what anybody else thinks". Cooperation

between players would only be seen as a 'necessary evil', undertaken under duress and with huge mistrust among the parties. Meanwhile job candidates, and even employees, might end up being treated with little regard.

Now, far be it from us to say that this is an accurate perception of the UK ITSA market as seen by the outside world, let alone a realistic description of the 'inside world'. Nonetheless, we are just a little concerned about the seemingly 'incestuous' nature of the UK ITSA sector - just look at how many of today's agencies have been formed as spin-offs and/or by ex-employees of other ITSAs (hands up all you Computer People alumni!) It worries us that there are so few publicly quoted ITSAs (we count about a dozen) which are therefore 'moderated' by investor as well as public scrutiny. It also worries us that there is only a handful of the larger privately owned ITSAs that have

sought external funding (such as S3 Group and Alexander Mann) where, as a by-product, 'external' NEDs join the board and bring outside experience, scrutiny - and hopefully extra credibility - to the organisation. We think if the UK ITSA fraternity - as that is what it mainly seems to be - really wants to be embraced by potential investors, then it's time to act like a 'grown-up' industry. We'd like to see more 'cross-fertilisation' at board level from outside the ITSA sector, and more willingness to 'play well together'. At least there's a ray of sunshine on that front with the recent formation of ATSCo, the UK ITSA industry association. *It's good to talk, gents, but it's time to grow up!*



ITSA Revenue Growth in Latest Reported FY				
Company	UHC Country	UK Status	Latest FYE	Latest FY Revenue Growth
Alexander Mann	UK	Private	30-Sep-99	64%
Best International	UK	Private	31-Dec-99	55%
SBS Group	UK	AIM	31-Aug-99	49%
Harvey Nash Group	UK	LSE	31-Jan-00	44%
Volt Europe	US	Private	29-Oct-99	37%
Select Appointments	NL	Private	31-Dec-99	35%
PSD	UK	LSE	31-Dec-99	33%
Glotel	UK	LSE	31-Mar-00	30%
Quantica	UK	LSE	30-Nov-99	20%
S Three Group	UK	Private	30-Nov-99	20%
Apex Computer Recruitment	UK	Private	31-Mar-00	17%
RDL	UK	AIM	30-Sep-99	16%
Robert Walters	UK	LSE	31-Dec-99	12%
Elan Computing	US	Private	31-Dec-99	10%
Parity Group	UK	LSE	31-Dec-99	8%
modis International	US	Private	31-Dec-99	8%
Rullion Computer Personnel Ltd	UK	Private	31-Dec-99	3%
Lorien	UK	LSE	28-Nov-99	1%
Spring Group	UK	LSE	30-Apr-00	-2%
MSB International	UK	LSE	31-Jan-00	-3%
Delphi Group	CH	Private	31-Dec-99	-4%
Higham Systems Services Group	UK	AIM	31-Mar-00	-21%
AVERAGE GROWTH				17.0%

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Last chance for Northgate?

Northgate Information Solutions (who now describe themselves as an "IT systems and services business delivering mission critical solutions in the Corporate and Public Sectors") has announced results for the sixteen months ended 30th Apr. 00, having already declared year end results to 31st Dec. 99 earlier (see *System House* April 00). The extension of the accounting period by four months enabled Northgate to include "major non-recurring events that will have a significant positive impact on the Group going forward". Highlights: turnover £165.4m (compared to £130.8m in the year to Dec. 99), Loss Before Tax of £47.5m and Loss Per Share of 18.58p. However as Northgate have undertaken a period of sales/closures, continuing revenue in the latest 16 month period of £128.8m tends to give a better indication compared with continuing revenues of £98.9m in 1998. Commenting on the results, Chief Executive, Chris Stone said: "Trading in the first quarter is ahead of the same period last year and our original expectations for this year. This together with the effect of our restructuring programme, has returned the business to modest profitability in the first quarter and the Board is optimistic about the result for the full year".

Comment: We have just spoken to new (Nov. 99) CEO Chris Stone and newer (May 00) FD Geoff Bicknell. The change in FYE lets Northgate clear out most, if not all, of the financial baggage associated with the massive restructuring that Stone has instigated, including £6.2m on 'restructuring' (i.e. redundancies, most of which are now complete), sale of share in the Glovia product to Fujitsu, loss on disposals, etc. etc. They have also set aside £3.3m for their somewhat unorthodox share options scheme - including £800K for NI contributions. There's also £9m cash in the bank, as a result of the Mar. 00 1-for-5 rights issue at 45p which raised c£20m net and was apparently taken up by some 85% of shareholders. Northgate will now concentrate on their 'Front Office Solutions' (design, build, run - with strong emphasis on web and mobile technologies) and outsourcing/BPO/ASP business built around their long-standing HR and payroll outsourcing service. This seems sensible to us, but surely this is their last chance to get it right.

At least Q1 is off to a good start ... so here's hoping. Northgate's shares are up 70% this month to 82p, and this is so far an 167% increase since the beginning of the year.

Higher revenue (and losses) at Baltimore

Baltimore Technologies ("global leader in e-commerce and enterprise Public Key infrastructure solutions") has announced half year results for the period ending 30th Jun. 00. Revenue increased 162% to £25.7m (due in part to acquisitions but even so organic growth was 108%), LBT deepened 29% to £20.6m.

Commenting on the results, Fran Rooney, CEO said: "This has been an excellent quarter for Baltimore with record revenue growth across all regions. The increase of 402% in licence revenue over Q2 1999 demonstrates our continuing success in winning new customers and partners in target vertical and geographic sectors. Over 60% of our revenues were generated outside Europe in Q2 2000 and with 26% of revenue emanating from the US, Baltimore is delivering on our investments in our key regions."

Comment. Baltimore has been active on the acquisition front this year with GTE Cybertrust (\$150m) and 72.5% of NSJ (\$24.9m).

But they suffered the ignomy of being dropped from FTSE100 in July this year. The shares were up 39% this month to end on 887p - a capitalisation of £2.83b.

Difficult trading at Eurolink

Eurolink Managed Services

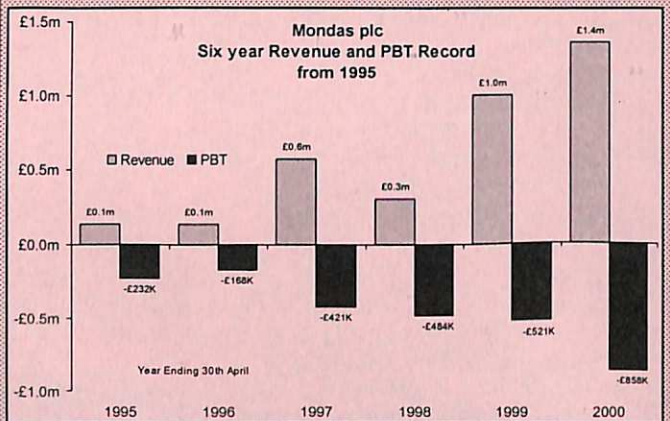
EUROLINK
MANAGED SERVICES

(manage contract IT staff on behalf of clients) results for the year ended 31st Mar. 00. - their first since their IPO - show revenues down 9% to £7.6m, PBT reduced from £845K to £340K, and EPS also down from 5.35p to 2.19p. Describing the year as "an exceptionally difficult trading period for many IT service companies" non-exec Chairman David Mann commented on the outlook saying "the Group has recently secured a significant order from an existing client, the benefit of which will be seen in the second half of the year.... The Directors are confident that the Group is positioning itself well as a cost-effective source of professional teams for IT development".

Comment. EMS acquired **RDF Consulting** from **Eurolink** in Mar. 99. They listed on AIM in Aug. 99 at 100p but have been hit by the usual Y2K ITSA problems and indeed these results were more or less forecast at the Sep. 99 interim stage. After a period trading at a premium, the shares have now fallen below the issue price and ended the month on 88p - down 28% this year to date.

Still awaiting profits at Mondas

Mondas (workflow software company formed by Tim Simon ex-of Quotient) has announced revenues up 42% at £1.36m but losses increased from £504K to £858K in year to 30th Apr. 00. "Last year was one of groundwork..."



Mondas was formed in 1996 but is still to make a profit. Mondas was an AIM IPO at 75p in Oct. 96 and ended this month up 6% on 72p. Shareholders will be hoping some building work to be completed soon.

Triple rises at Autonomy

Mike Lynch's NASDAQ (and we hope soon LSE) quoted **Autonomy** (pattern recognition software that analyses a document and extracts the most important bits!) has announced results for the six months ended 30th Jun. 00. Revenues tripled to \$26.3m, compared to the six months to 30th Jun. 99, gross profit also tripled to \$24.2m (with an improvement in gross profit margin from 88% to 92%), move into PBT of \$5.5m as compared to a LBT of \$0.9m, and EPS improved from \$0.01 to \$0.03.

Revenues in Q2 grew 25% over Q1, with US and Asia Pacific revenues growing by 15% and now accounting for 51% of total revenues. Autonomy CEO Dr Mike Lynch commented: "Going forward, we will continue to execute our strategy of driving our business into new markets, business sectors and industries, as well as leveraging our technology into new applications via indirect distribution channels".

Biggest news this month was the contract with the US Govt. to bring together info. from over 25,000 federal websites. As we said last month, a superb example of a UK company doing rather well "over there".

Good progress at Royalblue

As we briefly previewed last month, Royalblue results for the six months ended 30th Jun. 00 show revenue up 42% to £25.5m, PBT up 11% to £3m and diluted EPS up 9% to 6p. CEO, John Hamer, said: "We have made good progress in the first half of 2000, with the value of orders booked standing at over 80% of 1999's total. We cautioned in February that profit growth would be held back this year due to our investment in fidessaNet and this remains the case. However, we see continuing demand from our markets and therefore expect further progress overall in the second half, and an encouraging outlook is building for 2001".

Comment: During our conversation with John Hamer we invited him many times to tell us whether Royalblue had experienced the "Y2K lockdown" or suffered from the "Y2K hangover". Either Hamer is a good bluffer or Royalblue really does seem to be amongst the few that has not seen any slowdown. The figures speak for themselves - a 42% organic growth rate is impressive in anyone's books. The outlook looks equally "encouraging". Hamer says he received more orders in the first half than in the whole of last year.

Why? Perhaps it's that Royalblue is already one of the "new breed" of SCS companies. So it never had the "baggage" anyway. Perhaps it's the geographic spread of business. 32% of revenues now come from outside the UK. Perhaps it's the mix of financial trading systems, IT help desks, software for call centres, enterprise systems etc. Whatever, Royalblue is fast becoming a role model of the type of UK SCS company we like. The shares ended the month up 26% on £18.25p.

Flomerics has flowed into the black

Flomerics, "a world-leading player in the rapidly expanding field of "virtual prototyping" - the provision of software for the testing of virtual models of equipment before building physical prototypes" has announced results for the six months to 30th Jun. 00. Highlights: turnover increased 42% to £4.9m, PBT of £40K (their first profit as a quoted company) compared to LBT of £150K, and EPS of 1.4p compared to a Loss Per Share of 5.8p. Commenting on the outlook Chairman David Mann, said: "Flomerics is clearly well placed for the second half of the year. However, as in previous years, the results for the year as a whole will depend significantly on the level of licence renewals for thermal products near to the year end. Moreover, the second half will be a further period of investment in establishing the infrastructure for the electromagnetic market. The directors' view of the prospects for the year as a whole therefore remains positive and in line with current market expectations".

Flomerics were a new AIM issue in Dec. 95 at 130p. After a slow start, they rose well last year and ended this month up another 6% on £9 - that's a rise of 102% in 2000 alone.

Revenue down and losses up at Infobank

Infobank has announced interim results for the period to 30th Jun. 00. Highlights: revenue decreased (due to disposals) to £671K from £26.1m in the six months to Jun. 99 (continuing operations however grew from £21K to £444K), LBT deepened from £3.2m to £9.97m (but was in line with expectations). Commenting on the outlook, Graham Sadd, CEO, said: "I am pleased to report that Infobank has continued to make good progress during the second quarter. This has been reflected in the number and quality of the customer wins we have achieved over the period".

ICL suspends float indefinitely...CEO Keith Todd, Nigel Hartnell and others) go...



ICL's long heralded float is now officially off.

"Current difficult trading conditions in the IT industry and ICL's financial performance" were blamed. "In light of Keith Todd's close identification with the flotation of ICL, he has tendered his resignation". Richard Christou (currently director of commercial and legal affairs) will take up the role until a new CEO is appointed. Christou said "Despite tough external market conditions, trading in Q1 has been satisfactory. We shall continue with our programme to unlock hidden value within ICL and this includes the possibility of listing our Nordic company ICL Invia in Helsinki and KnowledgePool, our e-learning business, on the LSE (and possibly NASDAQ) at the appropriate time". (Ed. You would think they would have learned by now....)

Since Todd's departure, David Palk and FD & Ops Director Alan Gibson have also left. Peter Earle has become acting FD (i.e. not operations). Group Exec. Director Robin Hacking, and Corp. Development Director Nigel Hartnell are also going. There are no plans to replace Hacking or Hartnell and we understand that the 'purge' is now complete, at least at ICL's top management ranks. But still no new news on a full-time CEO and it sounds like parent company Fujitsu is still committed to keep ICL intact. Acting CEO Richard Christou will need to tell everyone what the game plan is fairly soon before staff morale becomes a big problem.

Comment: Our subscribers will know our long held views on this subject which is why we chose to reprint our review of a few months back on our Hotnews page. When the Invia float was pulled in June we said "this must be a bitter blow to Keith Todd. How many more can one guy take?" In all the interviews we had on the day, the interviewers have said "Keith was such a NICE guy, but...." **Keith was a nice guy** as indeed were most of our other long term friends at ICL.

We have been much blunter to their (that includes Keith) faces than we ever have been in print. The float was never a flyer at anything like the valuation required. We said, time-and-time again, that ICL was worth far more (>£5b) as the sum of the parts than the c£2b they might be valued at as a whole. We somehow feel there was quite a lot of sympathy towards this view within ICL. After all, the bits that had been spun out - like **Workplace Technologies, Guardian IT, INS** and others - really prospered outside the family. Technology plc (ICL PC reseller business). CFM (outsourcing), Sorbus (multivendor support throughout Europe), the internet business, Retail, Financial Services etc. etc., should have been allowed their own lives too. We hope Fujitsu will belatedly realise this as if they retain the status quo - as they have done for so many years - they will just preside over a slowly dying offspring. Surely no parent wants to see that?

Postscript - We well remember Sir Peter Bonfield's appearance on Sue Lawley's Desert Island Discs last year when he recounted his departure as CEO of ICL. Fujitsu presented him with a real Samuri sword. Had he left it at ICL for use by his successor or took it for future use at BT? (Ed. Sorry, they have all read this before as they lifted it off Hotnews on the day).

Sorry SiR! (we missed your results)

Multimedia educational software supplier **Systems Integrated Research** are not quite in the same league as "RM". In year ended 31st May 00 revenue went up just 9% to £1.5m with PBT increasing a much higher 53% but still only to £215K - mind you the 14% margin is not bad. SiR were a new AIM float way back in 1996 at 115p but even since then they have usually traded at a substantial discount. Indeed they stood on only 18p in Dec. 96. There has been a bit of a recovery since then, but as at the end of the month the shares stood at 40p - still a discount of 65% to the float price.

Tough decisions needed at

Computacenter

Results for the six months to 30th June 00 for **Computacenter** show revenues up just 2.4% to £926.7m but PBT and EPS halved from £40.7m to £19.2m and 14.6p to 7.1p respectively. CEO Mike Norris said "The first half of the year was challenging for Computacenter. The market was slower to recover than we originally anticipated and a reduction in project work meant lower levels of services billings".

Comment: Computacenter seems to have suffered all the classic effects of the "Y2K hangover" that we have been commenting on for so long. Basically:

- there has been a major hiatus in multi PC deployment. That means that the associated project managers/consultants have as Norris says "been on bench time". Norris said that revenues from projects associated with PC deployment were down a massive 20% in H1. (Current run rate c£90m p.a.)

- on the other hand, Computacenter's outsourcing/desktop support operations were unaffected. Again the "quality" recurring revenues are where to be. Computacenter now has over £100m p.a. on 3-5 year contracts. Indeed, outsourcing billings were up 14% in H1 and are now on an annual run rate of £140m. But even here the "passing trade" type add on work disappeared.

- in other words, Computacenter's SCS revenues are about £230m (annualised) at present and have shown zero growth.

- Computacenter's Sun business was up 77% in H1 (now c£100m p.a.) which demonstrates the strong growth in e-business as Sun is the leader in the provision of the servers used for e-business. Morse is the UK leader in this market and, as can be seen from their full year results (px) "their time really has come".

- overall UK revenues were up 5% at £791m. Indeed the UK was the "best" performer in a dismal market. France (revenue down 16% at £92m) and Germany (revenue +5% at £35m) both reported losses of c£1.6m and £1.7m respectively. Indeed France was the country most affected by the Y2K hangover in Europe with Compaq's sales in France down by 20%. Computacenter is quite small in Germany so tends to get kicked around in any market shake-out anyway.

The Future?

There are some signs of a thaw. Computacenter has announced a contract to roll out 35,000 PCs for BP across Europe, a "multi K" PC deal with Shell and 8,000 PCs for "a major High Street bank". As Norris said, "we didn't find any work like this in H1". Norris postulated H2 "will be stronger...but by how much?"

We happen to think that there will be some recovery...albeit from a much lower base. But the previous levels will not be achieved for a long time. That's why the services revenues (and don't forget the appointment of David Courtley from EDS UK to head this) is all important. Those with the longest term customer relationships and contracts will win the day. Quality will out and we still believe that in the market in which they operate, Computacenter is a quality act. But they have to look long and hard at their business - and cost line - and take some tough and unpleasant decisions to restore both profitability and confidence.

On the day of the announcement the shares fell 17% but recovered well to end the month up 28% on 421p. Don't forget in the IPO in May 98 the shares were launched at 670p (round about when SCS shares were trading at peak levels), and therefore still stand at a discount of 37% to the original float price

London Bridge Software results for the half year to 30 June 2000 show revenues up c40% at £27.2m but PBT down 6% at £3.3m. EPS unchanged at 1.31p. Gordon Crawford, Chairman said "The Company has continued to make good progress during the first half of the year towards our strategic aims whilst meeting our trading objectives for the period against difficult market conditions. Progress during the period leaves London Bridge well positioned to maintain investment in best of breed products that will deliver above average growth into the future".

Good to see recurring revenue is now 31.2% of total revenue compared to 27% last year. The percentage of revenue originating in Europe has increased significantly from 35.2% to 39.5%. Whereas although the revenue in the Americas has increased, the percentage of total revenue is showing a decrease from 62% on the same period last year to 55%.

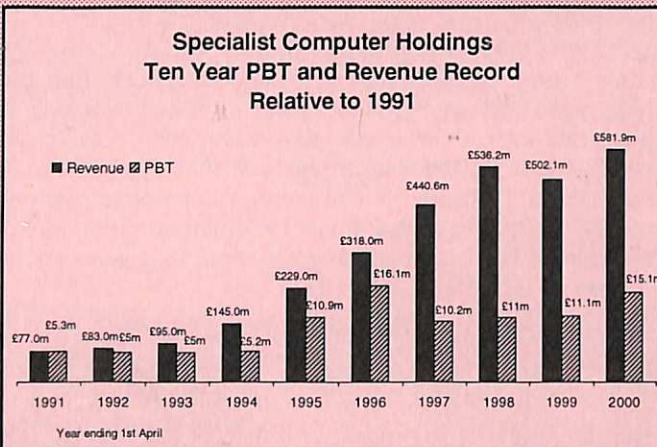
....But Specialist does rather well

Set against the performance of practically all their competitors in the industry, the latest results from Peter Rigby's **Specialist Computer Holdings** - probably the largest privately owned IT company in the UK - have been quite good.

SCH
Specialist Computer Holdings

Revenues in the year to 31st Mar. 00 rose by 16% to £581.9m - although organic growth was just 3%. Revenues earned in the UK were up 14.5% at £540m. Although, against the trend in the market, PBT was up 36% at £15.1m, operating profits were down 7% as £2.8m of the PBT gain was from the JBA share sale. We reckon that c£75m of SCH's revenue was services - all of it related to SCC. Although Chairman Peter Rigby admits (like everyone else) that the market has been "difficult...we appear to have come through in good shape and to have grown our business in terms of both turnover and profitability". Throughout the "Y2K hangover" SCH has "traded positively and effectively with many new name business wins"...at the expense of their competitors!

In Feb. 00, SCH acquired **Info Products/Allum** - the IS division of Dutch **Buhrmann** - for a consideration we would "guess" to have been between £100m- £150m. This really propels SCH



into the top echelons of the PC reseller business in Europe with a presence in nine countries. Indeed, Rigby told us that the current annualised run rate is c£1.4b with c50% from outside the UK.

On top of all that SCH has an 11.2% stake in Compel. Until now every other investment Rigby has made we had thought were "canny investor" type moves (i.e. "this stock is undervalued. We will buy...but ultimately we will sell"). Compel does look more strategic than any to date. As readers know, Computacenter had offered to buy Compel 275p (current price 235p).

But a SCH/Compel coupling would create a group with revenues pretty much on a par with - if not ahead of - Computacenter's c£1.8 billion. And it would give SCH a "quoted" vehicle. That might have some downsides (e.g. unwelcome public scrutiny) but would give SCH the paper to do even more and bigger transactions.

We never say anything in print that we haven't already said face-to-face. We thought that **Byte** was a distraction. But that is now long in the past. We think the current focus and direction of SCH is just right. In one way or another - either via a Compel "reverse" or a straightforward IPO - we would love to be able to invest in Rigby (and sons of Rigby!) and SCH after all these years.

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Actinic plc				Dalcam plc				Kazoo3D plc			
REV	Final - Sep 99	Int 9 mos Jun 99	Comparison	REV	Final - Dec 99	Interim - Jun 99	Comparison	REV	Final - Mar 99	Interim - Jun 99	Comparison
REV	£555,000	£571,000	+30.8%	REV	£7,677,884	£15,774,254	+81.1%	REV	£400,000	£400,000	n/a
PBT	£477,000	£775,000	+62.9%	PBT	£509,549	£1,042,075	+104.9%	PBT	£1,200,000	£1,200,000	n/a
EPS	-0.53c	-0.81c	-50.9%	EPS	7.00c	13.20c	+88.6%	EPS	n/a	n/a	n/a
AFA Systems plc				Diagonal plc				Kewill Systems plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Interim - May 99	Final - Nov 99	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison
REV	£809,000	£1,779,000	+119.9%	REV	£37,141,000	£72,376,000	+95.1%	REV	£60,079,000	£75,245,000	+25.2%
PBT	£1,444,000	£581,000	-60.2%	PBT	£4,358,000	£8,184,000	+86.9%	PBT	£7,196,000	£1,803,000	-74.9%
EPS	-11.30c	-3.40c	-70.0%	EPS	3.56c	7.52c	+110.1%	EPS	5.44c	-1.20c	-77.8%
AIT Group plc				Easyscreen plc				Keystone Software plc			
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison
REV	£17,460,000	£21,693,000	+24.2%	REV	£110,915	£1,056,519	+852.5%	REV	£1,585,217	£4,799,000	+202.7%
PBT	£2,764,000	£3,651,000	+32.1%	PBT	£637,143	£3,425,999	+438.9%	PBT	£2,400,057	£1,615,000	-33.1%
EPS	9.08c	11.81c	+30.1%	EPS	-1.90c	-9.96c	+424.2%	EPS	-18.90c	-0.60c	+96.7%
Alphameric plc				ECsoft Group plc				Knowledge Management Software plc			
REV	Interim - May 99	Final - Nov 99	Comparison	REV	Interim - Jun 99	Final - Dec 99	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison
REV	£11,161,000	£25,330,000	+127.2%	REV	£34,186,000	£67,304,000	+97.1%	REV	£713,000	£770,000	+8.0%
PBT	£1,010,000	£3,050,000	+202.0%	PBT	£2,840,000	£3,416,000	+20.3%	PBT	£60,000	£981,000	+1550.0%
EPS	1.20c	3.62c	+301.7%	EPS	15.20c	17.30c	+13.8%	EPS	0.09c	-1.31c	-1467.8%
Alterian plc				Eidos plc				Knowledge Support Systems Group plc			
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison
REV	£245,958	£1,011,140	+317.4%	REV	£226,284,000	£203,265,000	-10.2%	REV	£1,579,090	£1,838,025	+16.4%
PBT	£454,658	£3,905	-99.1%	PBT	£37,920,000	£49,275,000	+29.9%	PBT	£34,765	£83,497	+237.1%
EPS	-25.28c	0.38c	+150.8%	EPS	25.00c	23.80c	-4.8%	EPS	0.10c	0.10c	0.0%
Anite Group plc				Electronic Data Processing plc				Logica plc			
REV	Final - Apr 99	Final - Apr 00	Comparison	REV	Interim - Mar 99	Final - Sep 99	Comparison	REV	Interim - Dec 98	Final - Jun 99	Comparison
REV	£180,829,000	£158,976,000	-12.1%	REV	£5,469,000	£10,492,000	+90.8%	REV	£292,400,000	£659,468,000	+125.0%
PBT	£6,788,000	£7,171,000	+5.6%	PBT	£1,225,000	£2,377,000	+94.6%	PBT	£25,600,000	£58,604,000	+129.0%
EPS	1.50c	1.30c	-13.3%	EPS	3.24c	6.85c	+110.8%	EPS	4.90c	5.60c	+14.3%
Axon Group plc				Epic Group plc				London Bridge Software Holdings plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Interim - Nov 98	Final - May 99	Comparison	REV	Interim - Jun 99	Final - Dec 99	Comparison
REV	£20,024,253	£25,378,000	+26.7%	REV	£1,362,000	£3,084,000	+123.4%	REV	£19,454,000	£42,165,000	+217.0%
PBT	£1,824,401	£4,560,000	+149.9%	PBT	£114,000	£279,000	+144.7%	PBT	£3,533,000	£7,092,000	+98.0%
EPS	2.80c	5.70c	+103.6%	EPS	0.65c	1.66c	+153.1%	EPS	1.30c	3.18c	+144.6%
Azlan Group plc				Eurolink Managed Services plc				Lorien plc			
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Nov 98	Final - Nov 99	Comparison
REV	£342,861,000	£410,604,000	+19.8%	REV	£8,323,171	£7,596,000	-8.7%	REV	£138,407,000	£138,817,000	+0.3%
PBT	£3,835,000	£9,258,000	+141.4%	PBT	£844,762	£340,000	-59.8%	PBT	£2,549,000	£1,649,000	-35.1%
EPS	2.50c	6.10c	+144.0%	EPS	5.35c	2.19c	-59.1%	EPS	7.30c	-8.50c	-116.3%
Baltimore Technologies plc				F.I. Group plc				Lynx Group plc			
REV	Interim - Jun 99	Final - Dec 99	Comparison	REV	Final - Apr 99	Final - Apr 00	Comparison	REV	Interim - Mar 99	Final - Sep 99	Comparison
REV	£9,807,000	£23,272,000	+136.1%	REV	£228,353,000	£307,696,000	+34.7%	REV	£103,844,000	£212,541,000	+104.9%
PBT	£15,991,000	£31,351,000	+95.7%	PBT	£17,025,000	£17,391,000	+2.1%	PBT	£6,370,000	£11,017,000	+73.9%
EPS	-5.70c	-10.27c	-78.1%	EPS	5.80c	5.91c	+1.9%	EPS	3.92c	6.65c	+70.0%
Baron Corporation plc				Financial Objects plc				MMT Computing plc			
REV	Final - Aug 99	Interim - Feb 00	Comparison	REV	Interim - Jun 99	Final - Dec 99	Comparison	REV	Interim - Feb 99	Interim - Feb 00	Comparison
REV	£1,392,585	n/a	n/a	REV	£10,690,000	£22,301,000	+108.1%	REV	£21,100,000	£41,024,210	+94.7%
PBT	£59,749	n/a	n/a	PBT	£2,649,000	£4,656,000	+75.7%	PBT	£51,000,000	£9,710,952	-80.8%
EPS	-5.75c	-3.70c	+35.3%	EPS	5.20c	8.87c	+70.6%	EPS	26.60c	52.20c	+95.1%
Bond International Software plc				Flomerics Group plc				Macro 4 plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Interim - Jun 99	Final - Dec 99	Comparison	REV	Interim - Dec 98	Final - Jun 99	Comparison
REV	£8,807,697	£8,457,169	-4.0%	REV	£3,443,000	£8,713,000	+153.4%	REV	£13,152,000	£31,025,000	+136.4%
PBT	£935,378	£789,085	-15.9%	PBT	£149,000	£807,000	+438.3%	PBT	£5,024,000	£10,400,000	+107.1%
EPS	4.54c	4.81c	+5.9%	EPS	-5.80c	18.60c	+323.8%	EPS	16.60c	34.80c	+108.4%
Bright Station plc				Focus Solutions Group plc				MERANT plc			
REV	Interim - Jun 99	Final - Dec 99	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Apr 99	Final - Apr 00	Comparison
REV	£87,443,000	£174,452,000	+99.5%	REV	£360,000	£721,000	+100.3%	REV	£186,104,000	£215,473,000	+158.2%
PBT	£1,939,000	£3,857,000	+99.1%	PBT	£368,000	£1,039,000	+181.8%	PBT	£16,655,000	£11,572,000	-30.5%
EPS	0.70c	3.50c	+400.0%	EPS	-2.60c	-5.60c	+115.4%	EPS	-16.30c	-14.30c	+13.5%
Business Systems Group Holdings plc				Freemove plc				Microgen plc			
REV	Final - Jun 98	Final - Mar 00	Comparison	REV	Final - Apr 99	Final - Apr 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison
REV	£37,260,000	£24,993,000	-33.7%	REV	£2,740,000	£1,956,000	-28.6%	REV	£70,105,000	£31,324,000	-55.3%
PBT	£1,494,000	£979,000	-35.5%	PBT	£1,510,000	£22,930,000	+1453.0%	PBT	£8,492,000	£1,834,000	-78.4%
EPS	1.34c	0.96c	-28.4%	EPS	-5.20c	2.20c	+130.8%	EPS	2.20c	5.70c	+159.1%
Cadcentre Group plc				Gresham Computing plc				Misys plc			
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Interim - Apr 99	Final - Oct 99	Comparison	REV	Final - May 99	Final - May 00	Comparison
REV	£17,861,000	£23,889,000	+33.7%	REV	£16,301,000	£30,350,000	+86.1%	REV	£671,100,000	£708,800,000	+5.6%
PBT	£3,001,000	£4,338,000	+44.6%	PBT	£1,483,000	£864,000	-41.1%	PBT	£91,400,000	£113,600,000	+24.3%
EPS	11.21c	17.40c	+55.2%	EPS	2.35c	-2.22c	-195.7%	EPS	10.60c	14.20c	+34.0%
Capita Group plc				Guardian IT plc				Mondas plc			
REV	Interim - Jun 99	Final - Dec 99	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Apr 99	Final - Apr 00	Comparison
REV	£150,000,000	£327,199,000	+118.1%	REV	£29,693,000	£29,245,000	-1.5%	REV	£955,301	£1,358,811	+42.2%
PBT	£12,600,000	£32,200,000	+155.6%	PBT	£6,629,000	£7,048,000	+6.3%	PBT	£520,770	£857,573	+63.3%
EPS	1.32c	3.30c	+149.2%	EPS	9.00c	10.30c	+14.4%	EPS	-5.70c	-6.80c	-19.6%
Cedar Group plc				Harvey Nash Group plc				Morse Holdings plc			
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Jan 99	Final - Jan 00	Comparison	REV	Final - Jun 99	Final - Jun 00	Comparison
REV	£23,046,000	£36,314,000	+57.6%	REV	£104,851,000	£150,998,000	+44.0%	REV	£283,943,000	£506,316,000	+78.3%
PBT	£2,807,000	£4,829,000	+72.0%	REV	£8,869,000	£11,974,000	+35.0%	PBT	£18,853,000	£22,919,000	+21.6%
EPS	5.50c	5.20c	-5.5%	EPS	19.20c	27.64c	+43.9%	EPS	22.70c	10.10c	-55.5%
CFS Group plc				Highams Systems Services Group plc				MSB International plc			
REV	Interim - Jun 99	Final - Dec 99	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Jan 99	Final - Jan 00	Comparison
REV	£6,088,000	£13,614,000	+123.7%	REV	£34,069,950	£26,863,817	-21.2%	REV	£191,345,000	£184,936,000	-3.3%
PBT	£262,000	£1,125,000	+425.9%	PBT	£1,524,855	£308,504	-79.8%	PBT	£8,088,000	£4,998,000	-38.7%
EPS	1.28c	6.11c	+376.6%	EPS	5.40c	-1.58c	-110.4%	EPS	27.00c	17.30c	-35.9%
Clinical Computing plc				ICM Computer Group plc				MSW Technology plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Interim - Dec 98	Final - Jun 99	Comparison	REV	Final - May 99	Final - May 00	Comparison
REV	£3,039,301	£3,112,623	+2.4%	REV	£18,534,000	£40,047,000	+113.3%	REV	£1,896,518	£1,611,619	-15.0%
PBT	£276,584	£382,336	+38.2%	PBT	£1,949,000	£4,335,000	+122.1%	PBT	£1,641,522	£2,790,867	+70.0%
EPS	1.10c	1.50c	+36.4%	EPS	6.60c	14.90c	+124.6%	EPS	-20.86c	-27.73c	-33.0%
CMG plc				IE Group plc				NetBenefit plc			
REV	Interim - Jun 99	Final - Dec 99	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Interim - Dec 98	Final - Jun 99	Comparison
REV	£290,496,000	£508,588,000	+73.7%	REV	£5,633,118	£7,218,738	+28.3%	REV	£803,848	£1,969,751	+145.0%
PBT	£35,758,000	£83,629,000	+131.2%	PBT	£1,024,104	£3,020,988	+196.2%	PBT	£146,731	£279,862	+90.0%
EPS	4.60c	10.70c	+132.6%	EPS	-3.42c	-8.16c	+137.7%	EPS	0.01c	0.02c	+100.0%
Comino plc				Innovation Group plc (The)				Netstore plc			
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Sep 99	Interim - Mar 00	Comparison	REV	Final - Jun 99	Final - Jun 00	Comparison
REV	£18,595,000	£20,452,000	+10.2%	REV	£20,800	£41,995,000	not comparable	REV	£757,911	£1,372,632	+81.1%
PBT	£2,718,000	£6,020,000	+121.5%	PBT	£912,811	£1,530,092	not comparable	PBT	£1,129,675	£4,894,738	+332.1%
EPS	14.83c	29.90c	+101.0%	EPS	-173.50c	1.50c	not comparable	EPS	-2.22c	-7.57c	-70.5%
Compass Software Group plc				iSOFT Group plc				Nettec plc			
REV	Interim - May 99	Final - Nov 99	Comparison	REV	PF Final - Apr 99	PF Final - Apr 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Parity plc				Sage Group plc				Systems International Group plc			
Final - Dec 98	Final - Dec 99	Comparison		Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison	Interim - Dec 98	Final Jun 99	Interim - Dec 99	Comparison
REV £290,200,000	£314,154,000	+8.3%		REV £132,545,000	£307,041,000	£202,528,000	+52.8%	REV £8,457,000	£17,053,427	£8,368,000	-1.1%
PBT £20,032,000	£18,561,000	-7.3%		PBT £35,479,000	£74,313,000	£53,992,000	+52.2%	PBT £1,093,000	£2,313,053	£33,000	+97.0%
FPS 8.84p	7.77p	-12.1%		FPS 2.06p	4.17p	2.94p	+42.9%	FPS 2.21p	4.77p	0.07p	+96.8%
Patsystems plc				SBS Group plc				Systems Union plc (was freecom)			
Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison	Interim - Feb 99	Final - Aug 99	Interim - Feb 00	Comparison	Final - Dec 98	Interim - Jun 99	Interim - Jun 00	Comparison
REV £270,000	£608,000	£1,091,000	+304.1%	REV £28,300,000	£53,305,000	£22,900,000	-19.1%	REV £599,000			n/a
PBT £175,000	£1,758,000	£3,835,000	Loss both	PBT £1,400,000	£2,219,000	£124,000	-91.1%	PBT £2,100,000			n/a
FPS -4.40p	2.90p	3.70p	Loss both	FPS 9.60p	16.10p	0.50p	-90.6%	FPS n/a			n/a
Planit Holdings plc				Science Systems plc				TelMe.com plc			
Final - Apr 99	Final - Apr 00	Comparison		Final - Dec 98	Final - Dec 99	Comparison		Final - Mar 99	Final - Mar 00	Comparison	
REV £9,676,000	£13,304,000	+37.5%		REV £24,319,000	£30,966,000	+27.3%		REV £10,014,000	£13,974,000	+39.5%	
PBT £1,570,000	£2,483,000	+58.2%		PBT £2,217,000	£2,633,000	+18.8%		PBT £3,381,000	£2,105,000	-37.7%	
FPS 1.60p	2.30p	+43.8%		FPS 8.90p	11.40p	+28.1%		FPS -5.40p	-3.00p	+44.4%	
Policy Master Group plc				SDL plc				Terence Chapman Group plc			
Final - Dec 98	Final - Dec 99	Comparison		Final - Dec 98	Final - Dec 99	Comparison		Interim - Feb 99	Final - Aug 99	Interim - Feb 00	Comparison
REV £11,338,405	£16,730,281	+47.6%		REV £10,098,000	£12,960,000	+28.3%		REV £15,750,000	£30,641,000	£12,220,000	-22.4%
PBT £697,390	£1,062,587	+52.4%		PBT £209,000	£796,000	Profit to loss		PBT £2,720,000	£4,464,000	£460,000	-83.1%
FPS 5.86p	6.90p	+17.7%		FPS 0.41p	2.63p	Profit to loss		FPS 3.62p	5.45p	0.52p	+14.4%
Primar-E plc				Sema Group plc				Torex plc			
Final - Nov 98	Final - Nov 99	Comparison		Final - Dec 98	Final - Dec 99	Comparison		Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV £11,286,246	£9,194,799	-18.5%		REV £1,250,400,000	£1,410,000,000	+12.8%		REV £18,532,000	£46,762,000	£34,905,000	+88.3%
PBT £98,447	£861,861	Loss both		PBT £97,800,000	£93,800,000	-4.1%		PBT £1,775,000	£4,039,000	£1,791,000	+0.9%
FPS -0.07p	0.69p	Loss both		FPS 14.60p	14.70p	+0.7%		FPS 3.90p	14.50p	3.70p	-5.1%
Protherics plc				ServicePower Technologies plc				Total Systems plc			
Final - Mar 99	Final - Mar 00	Comparison		Final - Dec 98	Final - Dec 99	Comparison		Final - Mar 99	Final - Mar 00	Comparison	
REV £2,847,000	£1,598,000	-43.9%		REV £3,099,881	£3,760,910	+21.3%		REV £3,247,157	£1,958,040	-39.7%	
PBT £13,017,000	£15,454,000	Loss both		PBT £14,177	£2,541,087	Profit to loss		PBT £629,873	£579,589	-8.1%	
FPS -9.88p	-10.49p	Loss both		FPS -236.00p	2499.00p	Loss both		FPS 4.23p	-3.97p	Profit to loss	
QSP plc				Sherwood International plc				Touchstone Group plc			
Final - Dec 98	Final - Dec 99	Comparison		Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison	Final - Mar 99	Final - Mar 00	Comparison	
REV £37,006,000	£50,538,000	+36.6%		REV £22,493,000	£47,186,000	£24,097,000	+47.1%	REV £7,663,000	£10,511,000	+37.2%	
PBT £2,044,000	£4,212,000	+106.1%		PBT £2,881,000	£7,345,000	£2,548,000	+11.6%	PBT £1,048,000	£1,186,000	+14.1%	
FPS 2.82p	5.38p	+90.8%		FPS 4.30p	11.40p	5.10p	+18.6%	FPS 7.60p	9.50p	+25.0%	
Quantica plc				Skillsgroup plc				Trace Computers plc			
Interim - May 99	Final - Nov 99	Interim - May 00	Comparison	Interim - May 99	Final - Nov 99	Interim - May 00	Comparison	Interim - Nov 98	Final - May 99	Interim - Nov 99	Comparison
REV £8,286,000	£18,153,000	£9,278,000	+12.0%	REV £96,400,000	£198,700,000	£78,000,000	-19.1%	REV £8,684,000	£17,072,781	£8,693,000	+0.1%
PBT £1,593,000	£3,224,000	£1,463,000	-8.2%	PBT £6,400,000	£11,400,000	£500,000	Profit to loss	REV £928,000	£4,367,036	£973,000	+4.8%
FPS 2.64p	2.71p	-2.7%		FPS 6.50p	10.70p	0.10p	98.5%	FPS 4.47p	25.94p	4.74p	+6.0%
RM plc				Sopheon plc				Triad Group plc			
Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison	Final - Dec 98	Final - Dec 99	Comparison		Interim - Mar 99	Final - Mar 00	Comparison	
REV £71,116,000	£162,210,000	£78,074,000	+9.8%	REV £891,000	£1,510,000	+69.5%		REV £49,306,000	£48,366,000	-1.9%	
PBT £2,493,000	£12,262,000	£1,432,000	-42.6%	PBT £-1,142,000	£-2,072,000	Loss both		PBT £8,629,000	£1,905,000	-77.9%	
FPS 1.90p	9.80p	1.10p	-42.1%	FPS -6.10p	-10.10p	Loss both		FPS 22.74p	5.06p	-77.7%	
Rage Software plc				Spring Group plc				Ultima Networks plc			
Interim - Dec 98	Final - Jun 99	Interim - Dec 99	Comparison	Final - Apr 99	Final - Apr 00	Comparison		Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV £3,050,000	£8,845,000	£2,680,000	-12.1%	REV £403,154,000	£396,106,000	-1.7%		REV £6,476,000	£12,541,000	£3,889,000	-39.9%
PBT £610,000	£3,121,000	£614,000	Profit to loss	PBT £14,180,000	£6,420,000	Profit to loss		REV £610,000	£783,000	£496,000	Loss both
FPS 0.18p	1.03p	-0.28p	Profit to loss	FPS 6.00p	-5.00p	Profit to loss		FPS -0.36p	-0.44p	-0.25p	Loss both
RDL Group plc				Staffware plc				Ultrasig Group plc			
Final - Sep 98	Final - Sep 99	Comparison		Final - Dec 98	Final - Dec 99	Comparison		Interim - Jan 99	Final - Jul 99	Interim - Jan 00	Comparison
REV £15,692,000	£18,172,000	+15.8%		REV £22,187,000	£25,262,000	+13.9%		REV £1,099,000	£2,520,000	£1,055,000	+4.0%
PBT £1,154,000	£1,335,000	+15.7%		PBT £250,000	£2,993,000	+1081.2%		PBT £-149,000	£-2,316,000	£1,839,000	Loss both
FPS 6.75p	8.05p	+19.3%		FPS 1.10p	17.20p	+1463.6%		FPS -0.10p	-1.60p	-0.90p	Loss both
Recognition Systems Group plc				StatPro Group plc				Vega Group plc			
Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison	Final - Apr 99	Final - Apr 00	Comparison	
REV £965,000	£2,315,000	£3,021,000	+216.3%	REV £1,772,000	£3,144,000	£1,278,000	-27.9%	REV £28,993,000	£40,201,000	£38,790,000	+38.7%
PBT £73,000	£1,609,000	£2,258,000	Loss both	PBT £360,000	£-183,000	£-1,985,000	Loss both	PBT £4,292,000	£4,843,000	£4,843,000	+12.8%
FPS -1.30p	2.30p	-2.70p	Loss both	FPS -2.50p	2.88p	-8.30p	Loss both	FPS 17.42p	17.17p	-1.4%	
Retail Decisions plc				Superscape VR plc				VI Group plc			
Interim	Comparison			Interims - Jan 99	Final - Jul 99	Interims - Jan 00	Comparison	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV £11,700,000	n/a			REV £2,122,000	£3,071,000	£708,000	-66.6%	REV £2,201,000	£4,545,000	£2,699,000	-22.6%
PBT £2,500,000	n/a			PBT £87,000	£-2,765,000	£-2,897,000	Loss both	PBT £137,000	£438,000	£259,000	+89.1%
FPS n/a	n/a			FPS -0.71p	-22.50p	-16.30p	Loss both	FPS 0.37p	1.24p	0.68p	+83.8%
RexOnline plc				SurfControl plc (was JSB Software)				Vocalis Group plc			
Final - Apr 99	Final - Apr 00	Comparison		Final - May 99	Final - May 00	Comparison		Final - Mar 99	Final - Mar 00	Comparison	
REV £273,570	£658,000	+140.5%		REV £4,003,000	£8,706,707	+117.5%		REV £4,820,000	£2,694,000	-44.1%	
PBT £94,303	£-432,000	Loss both		PBT £-1,314,000	£14,871,341	Loss both		PBT £-1,098,000	£-4,507,000	Loss both	
FPS -2.60p	-4.50p	Loss both		FPS -12.78p	-70.36p	Loss both		FPS -3.36p	-10.57p	Loss both	
Roffe & Nolan plc				Synstar plc				Wealth Management Software plc			
Final - Feb 99	Final - Feb 00	Comparison		Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison	Period - Dec 98	Final - Dec 99	Comparison	
REV £20,988,000	£22,856,000	+8.9%		REV £104,034,000	£214,289,000	£119,253,000	+14.6%	REV £4,082,000	£12,818,000	+214.0%	
PBT £1,606,000	£1,838,000	+14.4%		PBT £420,000	£8,094,000	£5,191,000	+136.0%	PBT £-1,355,000	£-1,005,000	Loss both	
FPS 7.90p	9.30p	+17.7%		FPS 0.30p	3.60p	1.70p	+465.7%	FPS -2.30p	-0.90p	Loss both	
Royaibule Group plc				Systems Integrated Research plc				XKO Group plc			
Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison	Final - May 99	Final - May 00	Comparison		PF Final - Mar 99	Final - Mar 00	Comparison	
REV £17,905,000	£39,693,000	£25,500,000	-42.4%	REV £1,405,000	£1,536,000	+9.3%		REV £28,428,000	£29,628,000	+4.2%	
PBT £2,744,000	£6,511,000	£3,037,000	+10.7%	PBT £140,000	£215,000	+53.6%		PBT £2,667,000	£6,268,000	Profit to loss	
FPS 5.90p	13.10p	6.00p	+9.1%	FPS 0.71p	1.25p	+76.1%		FPS 8.20p	27.20p	Profit to loss	



CSC ... worldwide and UK

CSC had a pretty reasonable Q1 (to 30th June), announcing revenues up 12% to \$2.46b and pre-tax income up 14% to \$145.5m, a 6% margin. However, revenue from Europe was essentially flat at \$572m, although 'real' revenue in constant currency actually rose 9%. Some big wins in Asia and Australia saw that region grow 27% to \$263m.

Comment: More so than arch rivals IBM and EDS, CSC relies heavily on US Federal and Defence sectors to provide the backbone for its business. Indeed, over half its revenue comes from US 'public sector'. CSC's European business has been built essentially by acquisition and, in the UK especially, by some major outsourcing deals in the early and mid-1990s. In stark contrast to the US, hardly any of CSC's business in the UK comes from the public sector - and we all know who 'lives there'! But CSC's commercial contracts here in the UK (e.g. BAe, Anglian Water, etc.) still bring in a good revenue stream - but it would be nice to see another 'mega-deal' of the likes that IBM and EDS have recently turned in to give a real 'kick' to their UK business. Of course, CSC has recently had to reshuffle UK and European top management after UK president Mojtaba Ghassemian defected to EDS (lasting just a few months) and 'elder statesman' Ron Mackintosh retired as European President. We've met Guy Hains, who is now running UK, and as leader of CSC's largest unit outside of the US he clearly understands the challenges ahead. New European President Mike Laphen (was CSC US) is just coming on board and clearly has his work cut out for him. We wish them both well.

Keith Wilman (ex-MD at ex-EASAMS) has just been appointed COO at CSC UK. He takes over from Guy Hains who took over from Mojtaba Ghassemian as CSC UK president. Wilman "will ensure that all the component parts of the UK business meet the optimum balance of stakeholder objectives", and will be a member of the CSC UK Management Board. He will retain direct responsibility for the Managed Services organisation.

CSC has just won a \$3b/7yr global outsourcing contract at Canadian Nortel Networks. 2000 Nortel staff will transfer. We are waiting to hear how much of this will flow to CSC UK. In a topical quirk of fate, Nortel used to own ICL by virtue of its hostile acquisition of ICLs then parent STC in 1984. Nortel reduced its stake in ICL to 20% when Fujitsu acquired 80% of the company in Nov. 90. Nortel eventually sold what was then its remaining 9.9% share in ICL to Fujitsu in Sep. 98 - a prescient move it now transpires. Just think of what a \$3b/7yr deal could have meant to ICL's fortunes

US looks good for Sherwood

Sherwood results for the six months ended 30th June 00 show turnover up 11% to £24.1m, PBT down 11% to £2.5m although EPS was up 17% to 4.3p. Commenting on the outlook George Matthews, Chief Executive, said "The outlook for your Group is excellent, particularly in North America and continental Europe. The market is strengthening as Year 2000 issues are left behind and companies again consider IT investment and legacy systems replacement. During the first six months of this year, considerable effort was made to strengthen the sales pipeline, which should benefit the second half of the year".

Comment: Good to see Sherwood growing its US business by 39% to £8.6m - which now represents 35% of group turnover, up from the previous 28%. The shares increased just 9% to end on 785p.

Y2K affects KBC at interim stage

Quoted **KBC Advanced Technologies** (process engineering group providing consultancy and software tools for the oil industry) was quite badly affected by trading conditions during 1999. At the six month stage ending 30th Jun. 00, revenue fell 11% to £17.5m, operating profit (pre exceptionals of £2.8m profit from the disposal of Sigmafine last time) halved to £1.3m and PBT was down from £5.6m to £1.6m. Diluted EPS fell over threefold to 2.1p. KBC's results were held back by low order intake but CEO Michael Press commented "It is pleasing to note that trading conditions have improved somewhat... this has been reflected in an increase in contract awards for H100". But as he pre-warned last March "this year's results will be adversely impacted as a result of the low levels of new orders secured in 1999".

More revenue, more losses at ...

...trading software provider **Patsystems**, has announced interim results for the six months ended 30th Jun. 00. Highlights: turnover grew by 400% to £1.1m, LBT deepened from £585K to £3.8m but Loss Per Share improved from 4.4p to 3.7p. Commenting on the outlook Thomas Theys, Executive Chairman, said: "Trading remains strong moving into the third quarter and we believe our ongoing broadening of the foundations of the business means Patsystems is well positioned to benefit from opportunities in the marketplace as they arise. We are confident that the Group will continue to build on its position during the second half of the year".

A new issue at the end of 1999 at 107p, the shares ended the month on 174p - a premium of 62% to the float price.

... "Europe's leading ASP service provider" **NetStore** has announced maiden results for the year ended 30th Jun. 00. Highlights: turnover increased 75% to £1.4m, LBT deepened from £1.1m to £4.9m as did Loss Per Share from 2.22p to 7.57p. Active users has almost doubled to 17K. CEO Gary Smith is "delighted they are performing strongly and meeting targets set at our IPO". The original plan was to break-even by 2004. Netstore are now planning to sell its services in continental Europe.

Commenting on the outlook, Chairman Paul Barry-Walsh said: "The key determinant of NetStore's success in the foreseeable future is acceptance amongst the end user community of the delivery of application software over the Internet."

Listed at 150p, the shares ended the month up 36% on 164p.

...but less of both at Ultima

At the six month interim stage to 30th Jun. 00, **Ultima Networks** (networking services and products) saw revenue decline 40% to £3.9m but losses actually reduce from £610K to £496K. At one time we doubted whether Ultima (or **Microvitec** as it then was) would survive. But new Chairman Humayun Mughal "put his money where his mouth is" after banks withdrew funding. The shares have been little short of disastrous but, at 11p, at least higher than the all-time low of c2p last year!



Better than expected ...

NSB Retail Systems has increased "real growth" by 3.6 times from £5.2m to £18.8m in the six months to 30th June 00. Organic growth was a more modest 5.6% and total revenue growth was 78% -

however £7.64m of this was as a result of acquisitions - like **Real Time Control** in Jan. 00 for £73.8m. Overall PBT actually fell marginally to £2.15m and operating profits on the continuing operations fell 25% to £1.86m. Diluted EPS fell 46% to 0.41p. Increased R&D spend (it doubled from £2.7m to £5.8m), US market entry costs, and integrating RTC were amongst the reasons given for the reduction both in profits and from margins (from 21.9% to 17.1%). However, this was entirely as NSB had forecast - indeed, a bit better than expected.

Apart from an initial slowdown in Q1, NSB reports a "strong recovery in Q2". NSB reports "outstanding success" in the US where it has been awarded contracts from both Nike and GAP. These will start delivering in H2. With this and a return to more normal R&D levels, NSB should have a sparkling second half.

We were also very interested in the initial success NSB is having in offering its products to smaller retailers on an ASP or "priced by transaction" model. First customers (just about to go live) include Geiger and Cavier House and the full system rolls out in Jan. 2001.

Comment - We have a soft spot for Nikki Beckett and NSB. Beckett seems to fully understand the care that needs to be taken to ensure that its large acquisitions, high R&D spend and geographic expansion do not ruin what has previously been an exemplary financial performance by causing the dreaded "indigestion". Having said that, the ASP model, the US expansion, the "go-for-it" attitude, the "stick to the retail knitting" and the overall "niceness" of NSB puts this scribe seriously "on message". Whether the market agrees is another thing. NSB shares have more than halved since Aug 99. They ended the month down just 2% on 300p.

More consolidation in ITSA marketplace

Quantica (IT recruitment and training) results for the six months ended 31st May 00 show turnover up 12% to £9.3m, PBT decreased 8% to £1.5m and diluted EPS increased from 2.64p to 2.71p. Quantica has also announced the acquisition of **Compro Group**, another IT recruitment business, for max. consideration of £9m.

Commenting on the outlook, Chairman, Tony Gartland said: "The market, which was not particularly favourable to the Technology Division over the last 12 months, showed signs of picking up in the second quarter of this year although the upturn was slower than expected. I am happy to report however that in the last few months the pace has quickened and we are currently experiencing record levels of business, more in keeping with the market of two years ago. The Division is trading well and the prospects for the second half look very good indeed."

Comment: So, yet more consolidation in the ITSA market! Quantica is a small player in a market increasingly dominated by "mega" agencies. Quantica's acquisition of Compro is designed to give it a "foothold in relation to IT contracting in the London and the South East England area", as well as specialist internet and e-commerce recruitment exposure. Supplying IT contractors in the City and the South East is a fiercely competitive market, with some very established players.

Quantica's share rose 13% this month to end on 75p.

SCS Index up 16.5%

Our SCS Index had the best month since those heady days of Jan/Feb 00. Indeed, it is now showing a 13% gain on the year as a whole. Worth saying that at 12911, it's still well off the 16000 peak reached in early March.

The **Innovation Group** (event management software for the insurance industry and an IPO in June at 229p) was the month's highest riser - up 160% at 1015p and a valuation of £940m. Amazing for a company with revenues of <£m in the six months to 31st Mar. 00! But **ICM, Vocalis, Northgate, Actinic, Diagonal, Tornado** and **Orchestrastream** all rose >50% this month.

At the other end of the scale, **MERANT** (see p12), **ServicePower, Financial Objects** (p12) and **QSP** (p12) all suffered declines of >20% as a result of profits warnings.

But the month really belonged - at long last - to the larger system houses with **Sema**, for example, putting on nearly £2b of market value and all the big players like **Misys, Logica, CMG, FI Group** having their best month for a long while - all recording "double-digit" rises.

Indeed, even the current pariahs of the sector - the Internet stocks - managed a 5% rise!

Sell in May and Go Away, would certainly not have been the best advice this year as you would have missed out on a 20%+ gain since then.

31-Aug-00	SCSI Index		FTSE			
	SCSI Index		12911.00			
	FTSE IT (SCS) Index		3736.40			
	techMARK 100		4119.75			
	FTSE 100		6672.70			
	FTSE AIM		1835.50			
	FTSE SmallCap		3557.89			
<small>SCSI Index = 1000 on 15th April 1989</small>						
Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (31/7/00 to 31/8/00)	+16.51%	+4.83%	+13.31%	+22.01%	+8.39%	+5.37%
From 15th Apr 89	+1191.10%	+224.93%				
From 1st Jan 90	+1303.22%	+182.50%				
From 1st Jan 91	+1723.92%	+208.86%				
From 1st Jan 92	+1135.67%	+167.65%				
From 1st Jan 93	+710.18%	+134.42%				+156.45%
From 1st Jan 94	+673.31%	+95.20%				+90.40%
From 1st Jan 95	+761.20%	+117.67%				+103.73%
From 1st Jan 96	+471.66%	+80.87%	+421.98%		+92.52%	+83.25%
From 1st Jan 97	+382.21%	+62.02%	+350.41%		+88.04%	+62.97%
From 1st Jan 98	+325.40%	+29.93%	+331.83%	+273.64%	+85.03%	+53.80%
From 1st Jan 99	+227.57%	+13.43%	+182.95%	+158.40%	+128.98%	+71.80%
From 1st Jan 00	+12.55%	-3.72%	+9.01%	+0.50%	-5.03%	+14.85%

End Aug 00	Move since 1st Jan 98	Move since 1st Jan 99	Move since 1st Jan 00	Move in Aug 00
System Houses	318.7%	171.0%	5.6%	17.2%
IT Staff Agencies	-19.6%	-3.8%	-16.2%	6.4%
Resellers	84.3%	96.0%	-5.6%	18.9%
Software Products	511.6%	422.7%	25.7%	17.4%
Holway Internet Index		665.4%	-6.9%	4.9%
Holway SCS Index	325.4%	227.6%	12.6%	16.5%

A landmark year for SurfControl

EASDAQ and FTSE250 quoted SurfControl - "a leading provider of Internet access control software" - (previously known as **JSB Software Technologies** until this month) has announced its full year results to 31st May 2000. They have given their results in \$ not £ which, personally we think is a shame. In the year, revenue more than doubled to \$14.3m (c£8.7m) including \$2.2m from acquisitions. But despite this, the operating loss has gone up from \$2.5m to \$25.7m, LBT from \$2.1m to \$24.4m. Each quarter made a loss, the highest being Q300 when LBT was \$10.9m - at least Q4's fell to "only" \$8.4m. Cash in the bank at the FY end was a high \$31.7m.

The company saw strong growth in their internet access control business where revenue went up from \$0.9m to almost \$15m (of which \$6.25m has been deferred). Historically SurfControl has relied on revenue from ex-growth MultiView (puts a Window-like product on the front of legacy systems) and this now accounts for the remaining \$5.5m revenue. Acquisitions have featured in SurfControl's strategy. In May 99 they bought US **Kansmen** for \$5m and Oct. 99 US **SurfWatch Software** for \$29m. This year, so far, they have acquired US **Cyberpatrol** (June, £62.5m) and, this month, European **CSM Security Management** for \$17.3m in shares. After all these acquisitions, their now have nearly 300 employees.

CEO Steve Purdham commented "The year ended 31 May 2000 has been a landmark year... From achieving our goal at the beginning of the year of becoming a leader in the Corporate Internet Filtering Market, we have successfully expanded our capability enabling us to address the completed internet filtering market encompassing the corporate, education and home markets". He went on to say that "we view the future with excitement and confidence, and look forward to the continued growth of the Company in this fast moving market". Mind you, no mention of when the company will actually make a profit but then they are an internet company....

Comment. SurfControl is a dynamic market leader in a dynamic market. They estimate compound annual growth in the markets in which they operate should be in excess of 50% (to 2003) with a market size then of c\$1.5bn. The shares ended the month up 33% on £23.93p - a market capitalisation of £646m.

CMG results exceed expectations

CMG

CMG reported a 20% growth in revenue to £349.4m and a 26% increase in PBT to £45.1m in six months to 30th June 00. Diluted EPS (after goodwill) was up 15% at 5.3p. Admiral's results were included for just one month. With Admiral, CMG now employs 11,800. Admiral "was disappointing in the early months" but "there was a marked improvement in June and July". As CMG makes such a large proportion of its revenue outside the UK, the 30% revenue at constant exchange rates or the 51% growth in profits to £50.9m (before goodwill) should also be noted.

But it was mixed bag "as an excellent performance in the global telecom products business more than offset slower growth in ICT services" resulting from the "Y2K hangover" (just wish we had copyrighted that!). "It is fair to say that we like most IT services companies initially underestimated how long that would take for activity and utilisation levels to recover". Indeed UK revenues increased by a pretty dismal 4% (excl. Admiral) to £65.5m with a particularly poor Q1 in the finance sector. Germany (14% growth to £29.7m) was also affected by the "Y2K hangover" and "short term disruption to revenue streams from consolidation amongst major finance sector customers". France, however, enjoyed "good demand" but profitability was affected by the dreaded 35 hour week legislation.

It was CMG Telecoms which really won the day with a 166% revenue growth to £60.1m with "the powerhouse being demand for SMS". Chairman Cor Stutterheim reports an "improving business climate" and looks forward to "a good set of results for the full year".

Comment - Results demonstrate the divergence in market performance with traditional SCS (particularly in the UK) being very badly hit but all-things telecoms related thriving (we look forward to Logica's results next month with increased enthusiasm). But these were above expectations and CMG shares ended Aug. up 19% at £13.65p.

Holway/System House SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Aug-00	Capitalisation 31-Aug-00	Historic P/E	PSR Ratio Cap./Rev.	SCS Index 31-Aug-00	Share price move since 31-Jul-00	Share price % move in 2000	Capitalisation move since 31-Jul-00	Capitalisation move (€m) in 2000
Actinic	SP	£1.89	£223.2m	Loss	390.89	2327.16	61.80%	132.72%	£83.00m	£123.60m
AFA Systems	SP	£5.93	£131.4m	Loss	73.86	4937.50	8.42%	122.33%	£0.70m	£82.90m
AIT Group	CS	£14.60	£274.1m	123.6	12.64	9733.33	2.10%	-3.31%	£-16.20m	£32.40m
Alphameric	SP	£23.33	£285.8m	91.7	11.68	1525.23	15.65%	126.19%	£0.00m	£182.60m
Aiterian	SP	£4.10	£151.5m	1076.3	151.50	2047.50	14.07%	104.75%	£10.80m	£73.10m
Anite Group	CS	£2.24	£505.6m	56.8	3.18	1309.94	22.07%	65.31%	£2.70m	£170.50m
Axon	SP	£10.68	£447.7m	187.2	17.64	6100.00	17.96%	80.17%	£8.50m	£158.60m
Azian Group	R	£1.97	£196.7m	32.4	0.48	856.52	34.93%	36.81%	£34.30m	£42.30m
Baltimore Technologies	SP	£8.87	£2,834.0m	Loss	121.78	90974.36	39.25%	73.07%	£378.00m	£923.00m
Baron	SP	£1.68	£7.1m	Loss	2.53	1675.00	-5.63%	-61.05%	£-1.01m	£-6.71m
Bond International	SP	£0.72	£10.2m	Loss	1.21	1100.00	4.38%	-2.72%	£0.26m	£-0.30m
Bright Station	CS	£0.70	£106.1m	Loss	0.61	636.36	12.90%	-23.08%	£-2.70m	£-34.80m
Business Systems	CS	£1.49	£106.5m	239.5	3.29	1247.90	12.08%	24.79%	£-0.80m	£6.50m
Cadcentre Group	SP	£5.13	£80.0m	25.5	3.35	2565.00	7.77%	58.82%	£0.50m	£26.40m
Capita	SP	£5.23	£3,512.0m	158.3	10.73	141242.32	-2.82%	38.72%	£-18.00m	£1,153.00m
Cedar Group	SP	£8.55	£480.3m	164.4	13.23	8142.86	-18.75%	53.36%	£-6.60m	£134.70m
CFS Group	SP	£1.88	£45.3m	20.8	3.33	2083.33	-8.98%	-29.16%	£1.10m	£3.80m
Clinical Computing	SP	£0.53	£13.2m	34.4	4.24	423.39	19.32%	-16.00%	£2.00m	£2.50m
CMG	CS	£13.65	£6,937.0m	127.6	11.40	37655.17	18.70%	19.84%	£185.00m	£1,104.00m
Comino	SP	£5.95	£73.1m	33.2	3.57	4576.92	3.48%	-2.06%	£-7.70m	£-9.50m
Compass Software	R	£2.00	£19.7m	66.8	13.40	1333.33	33.33%	33.33%	£3.70m	£3.70m
Compel Group	SP	£2.35	£72.6m	6.7	0.25	1876.00	-12.34%	-56.53%	£-10.60m	£-98.40m
Computacenter	R	£4.21	£699.2m	19.2	0.40	628.36	27.58%	-58.62%	£102.40m	£-1,125.80m
DCS Group	SP	£4.05	£96.2m	14.9	0.58	6750.00	-0.61%	-61.61%	£-60.0m	£-159.10m
Delcam	SP	£2.28	£13.9m	15.4	0.88	875.00	-1.09%	10.98%	£0.50m	£1.80m
Diagonal	CS	£4.35	£237.6m	70.9	3.28	6324.35	58.18%	15.23%	£-4.80m	£-67.40m
DRS Data & Research	SP	£0.21	£7.1m	39.0	0.87	186.36	18.84%	-10.87%	£1.12m	£-0.87m
Easyscreen	SP	£3.22	£120.4m	Loss	114.02	1891.18	32.58%	-2.43%	£12.60m	£-25.20m
ECSoft	SP	£8.13	£93.6m	46.9	1.39	449.64	18.61%	-28.10%	£11.30m	£-29.60m
Eidos	SP	£4.95	£498.6m	Loss	2.45	24739.13	17.02%	-54.46%	£47.30m	£-615.40m
Electronic Data Proc	A	£1.18	£27.9m	24.0	2.66	3612.98	29.67%	-68.66%	£3.40m	£-70.70m
Epic	CS	£3.93	£93.6m	236.4	30.39	3738.10	17.16%	37.57%	£-15.50m	£74.40m
Eurolink	CS	£0.88	£9.3m	40.2	1.22	880.00	-9.28%	-27.87%	£-0.95m	£-3.31m
FI Group	SP	£6.23	£1,734.0m	159.2	5.64	15961.54	27.69%	-18.89%	£193.00m	£-27.00m
Financial Objects	SP	£1.14	£43.3m	30.7	1.94	495.65	-22.18%	-83.30%	£-12.70m	£-199.70m
Flometrics Group	SP	£9.00	£23.9m	33.2	2.74	6923.08	5.57%	102.25%	£-1.10m	£-11.90m
Focus	SP	£2.22	£54.8m	Loss	76.01	1135.90	-6.54%	13.59%	£-4.70m	£5.90m
Freemove	CS	£2.70	£2,727.0m	Loss	139.42	1800.00	-12.62%	-54.24%	£-450.00m	£-3,216.00m
Gresham Computing	CS	£0.43	£17.4m	Loss	0.57	456.99	41.67%	-30.89%	£2.50m	£-9.60m
Guardian IT	CS	£16.30	£990.1m	149.5	20.11	6392.16	20.96%	70.06%	£33.10m	£499.30m
Harvey Nash Group	A	£7.90	£221.2m	26.6	1.46	4514.29	6.40%	30.90%	£4.40m	£49.20m
Highams Systems Servs	A	£0.38	£7.5m	Loss	0.28	1055.56	10.14%	-32.74%	£0.53m	£-3.25m
ICM Computer	CS	£5.63	£86.8m	37.1	2.17	3125.00	75.78%	-29.91%	£26.90m	£-65.70m
iE Group	SP	£1.11	£37.3m	Loss	5.17	1175.53	35.58%	-60.32%	£0.90m	£-80.20m
Innovation Goup	SP	£10.15	£940.7m	Loss	224.24	4432.31	157.61%	343.23%	£554.90m	£699.28m
iSOFT Group	SP	£2.03	£230.4m	208.8	12.97	1840.91	26.17%	84.09%	£50.50m	£107.13m
I S Solutions	CS	£2.70	£59.4m	76.9	5.03	10061.64	29.19%	237.50%	£5.60m	£40.20m
ITNET	CS	£9.13	£576.5m	90.0	4.41	2607.14	37.22%	33.70%	£98.50m	£96.70m
Jasmin	SP	£1.48	£7.3m	Loss	1.74	983.33	5.36%	18.00%	£0.95m	£1.41m
Kalamazoo Computer	CS	£0.32	£13.5m	Loss	0.22	900.00	-3.08%	-72.73%	£0.90m	£-36.00m
KeWill Systems	SP	£10.63	£670.6m	Loss	8.91	21007.91	14.30%	-32.08%	£-65.60m	£-496.40m
Keystone	SP	£0.97	£38.1m	Loss	7.94	1072.23	24.52%	-2.03%	£5.70m	£7.30m
Knowledge Management	SP	£2.19	£189.3m	Loss	245.84	1684.62	30.75%	68.46%	£12.00m	£54.43m
Knowledge Support	SP	£5.57	£369.7m	Loss	201.14	2529.55	23.94%	152.95%	£44.20m	£207.23m
Logica	CS	£21.55	£7,517.0m	199.5	11.40	29512.38	24.57%	34.94%	£442.00m	£1,161.00m
London Bridge Software	SP	£9.85	£1,270.0m	309.7	30.12	24625.00	27.10%	16.57%	£-93.00m	£-60.00m
Lorien	A	£1.27	£22.5m	Loss	0.16	1265.00	2.43%	0.00%	£-2.20m	£-2.30m
Lynx Holdings	SP	£1.74	£252.3m	37.9	1.19	4337.50	23.93%	5.15%	£34.40m	£74.10m
Macro 4	SP	£8.80	£169.0m	25.2	5.45	3548.39	6.67%	17.73%	£-10.40m	£-21.70m
MERANT	SP	£1.00	£145.6m	66.7	0.64	480.55	-31.14%	-75.31%	£-73.10m	£-435.10m
Microgen Holdings	CS	£4.11	£165.4m	72.1	5.28	1756.41	27.44%	-39.43%	£-1.30m	£-174.40m
Misys	SP	£7.99	£4,367.0m	53.1	6.16	9894.29	28.79%	-17.25%	£570.00m	£-1,104.00m
MMT Computing	CS	£6.30	£65.6m	19.4	1.60	3750.00	8.15%	-33.86%	£4.90m	£-49.70m
Mondas	SP	£0.72	£9.3m	Loss	6.08	953.33	5.93%	-34.10%	£0.26m	£-5.45m
Morse	R	£5.83	£667.0m	57.7	1.32	2330.00	17.88%	62.03%	£52.70m	£227.30m
MSB International	A	£1.57	£27.7m	18.7	0.15	823.68	2.62%	-44.60%	£-3.60m	£-29.90m
MSW Technology	SP	£0.38	£27.7m	Loss	3.31	402.06	-8.24%	-65.94%	£0.24m	£-8.78m
NetBenefit	CS	£8.33	£80.4m	Loss	40.83	3162.50	31.77%	-28.93%	£3.60m	£-30.80m
Netstore	CS	£1.64	£137.9m	Loss	100.51	1093.33	36.10%	9.33%	£28.70m	£5.30m
Nettec	CS	£1.65	£156.8m	Loss	32.68	687.50	5.43%	-31.25%	£-7.40m	£-98.20m
Northgate	CS	£0.82	£200.8m	Loss	1.21	313.46	69.79%	167.21%	£70.80m	£129.90m
NSB Retail Systems	CS	£3.00	£597.2m	833.3	28.06	26086.96	-1.64%	43.71%	£-42.30m	£179.70m
Orchestream	SP	£6.35	£672.8m	Loss	1640.98	3432.43	51.19%	243.24%	£160.00m	£458.62m
Oxford Molecular	SP	£0.36	£31.6m	Loss	1.60	450.00	2.86%	20.00%	£0.50m	£5.50m
Parity	A	£2.00	£241.9m	24.7	0.77	3333.21	35.96%	-46.52%	£18.00m	£-324.30m
Patsystems	SP	£1.74	£187.0m	22.4	307.57	1626.17	9.78%	62.62%	£-13.20m	£52.00m
Plant	SP	£1.32	£108.4m	46.6	8.15	5479.17	9.58%	-21.26%	£12.30m	£-15.50m
Polymaster	SP	£4.85	£76.1m	48.5	4.55	3233.33	5.43%	-2.51%	£3.10m	£6.00m
Primar-E (was Stordata)	CS	£0.15	£20.0m	Loss	2.18	1270.83	0.00%	74.29%	£0.00m	£8.50m
Protherics	SP	£0.33	£53.5m	Loss	33.48	392.86	15.79%	-10.81%	£7.30m	£-6.40m
OSP	SP	£1.04	£113.4m	18.3	2.24	1360.47	-20.99%	-31.82%	£0.90m	£-23.20m
Quantica	A	£0.75	£30.2m	11.9	1.66	600.81	12.88%	41.90%	£4.50m	£9.60m
Rage Software	SP	£0.27	£72.5m	37.0	8.20	1038.46	5.88%	-53.65%	£-12.00m	£-88.00m
RDL	CS	£2.19	£24.5m	25.8	1.35	2433.33	-2.23%	129.32%	£-0.60m	£13.80m
Recognition Systems	SP	£3.72	£324.1m	Loss	140.00	5314.29	6.59%	6.59%	£7.80m	£9.90m
Retail Decisions	SP	£1.44	£179.5m	n/a	15.34	1938.30	2.87%	93.92%	£-22.60m	£78.50m
RexOnline	A	£1.26	£8.4m	Loss	11.40	1494.04	-3.83%	-23.65%	£-0.17m	£2.39m
RM Group	SP	£9.73	£871.0m	99.2	5.37	27785.71	21.56%	13.41%	£129.80m	£82.10m
Rolle & Nolan	SP	£4.00	£53.9m	37.1	2.36	4761.90	18.52%	3.90%	£4.90m	£1.90m
Royalblue Group	SP	£18.25	£412.8m	139.3	10.40	10735.29	25.96%	74.22%	£-14.90m	£105.90m
Sage Group	SP	£6.36	£7,354.0m	152.3	23.95	244423.08	13.69%	-15.88%	£152.00m	£-1,963.00m
SBS Group	A	£1.45	£13.5m	16.7	0.25	1450.00	-8.52%	-29.27%	£-1.20m	£-4.50m
Science Systems	CS	£6.15	£143.6m	52.4	4.64	4767.44	8.85%	69.19%	£1.20m	£81.10m
SDL	CS	£3.64	£115.8m	Loss	8.94	2426.67	20.33%	-10.34%	£3.30m	£-20.60m
Sema Group	CS	£12.90	£6,911.0m	87.8	4.90	16226.42	27.85%	15.80%	£2,034.00m	£1,754.00m
ServicePower	SP	£0.69	£44.2m	Loss	11.76	685.00	-22.60%	-40.43%	£-1.80m	£-14.52m
Sherwood International	CS	£7.85	£298.0m	32.7	6.32	26152.26	9.48%	-36.69%	£3.30m	£-201.70m
Skillsgroup	CS	£1.49	£113.9m	14.5	0.57	668.16	15.50%	-50.50%	£-2.70m	£-149.80m
Sopheon	SP	£5.45	£176.7m	Loss	117.02	7841.73	27.49%	66.41%	£21.40m	£71.60m
Spring	A	£1.00	£148.7m	Loss	0.38	1105.56	-10.76%	-41.64%	£-18.70m	£-98.00m
Staffware	SP	£32.13	£391.0m	186.7	15.48	14277.78	14.22%	295.38%	£6.80m	£287.80m
StatPro	SP	£0.87	£23.5m	Loss	7.47	1087.50	-1.69%	8.75%	£-0.40m	£1.90m
Superscape VR	SP	£3.53	£99.5m	Loss	32.41	1780.30	46.88%	3.22%	£12.30m	£-12.90m
SurfControl (was JSB)	SP	£23.93	£645.8m	Loss	74.18	11962.50	32.92%	133.41%	£129.20m	£387.50m
Synstar	CS	£0.63	£104.8m	12.8	0.49	378.79	-9.42%	-72.65%	£-4.10m	£-266.50m
Systems Integrated	SP	£0.40	£5.8m	29.7	3.80	343.48	-9.20%	5.33%	£0.00m	£0.80m
Systems International	SP	£0.57	£19.3							

UK Pearson has acquired US National Computer Systems (NCS) for \$2.5b (£1.7b). NCS provides software for the management of education data in schools and had revenue of \$630m and profits of \$43m in year to 31st Jan. 00.

Comment - The nearest equivalent in the UK to NCS is RM plc (one of our long term favourites). Pearson is paying 4x revenues whereas RM is currently trading at 4.6x revenues with a market capitalisation of £747m. The opportunities for RM in the same e-education (*what a horrible description*) market is huge. We have long said that RM has all the opportunity but sometimes doesn't get its marketing act together to exploit its undoubted assets both in the home as well as in the classroom and outside the UK. **This is one of the biggest UK acquisitions of a US SCS company on record.**

E-business solutions provider **Nettec** has acquired two French technology consultancies: **Eolsys Conseil** (for a total of FF21m (initial cash FF10m, rest shares) and **Node Venture Group** for a total of FF41.5m (half now and half earnout in shares).

Elderstreet Investments has completed a £2.5m investment (now has 10%) in **Caplin Systems** (now demerged from parent **Infinet**). Caplin has developed Real Time Trading Protocol, which enables customers "to distribute and deliver streaming market data via ordinary web browsers". **Elderstreet** has also taken over the management of **Gartmore Venture Capital Trust**. "The first VC house to have been selected to takeover the management of an existing VCT".

Corvus Capital, the AIM-listed technology investment vehicle, has made its second investment since listing in July. This time in **asSeenonScreen.com**.

threeW.net has raised £1m via a placing at 52p per share for further acquisitions.

Checkpoint, the e-commerce software group, has been sold for £53m to **Bottomline Technologies**, its US rival, less than 18 months after it was bought by Mercury Private Equity, the venture capital firm.

Redstone Telecom has acquired **Fastnet Group**, an IT and network service provider, for £40m cash. For the year ended 30th Jun. 99, Fastnet had revenues of £10.5m and PBT of £104K. **ITSA RDL Group**, has acquired **M3 Group** (also an IT staff agency!) for an initial consideration of £9.2m, with a deferred consideration of up to £5m. The acquisition is partly being funded by a placing with institutional investors of 1.9m shares at 205p per share raising approx. £3.6m.

GlobalNetFinancial.com (on-line financial news) has acquired **Dalton Kent** for \$20.3m.

Cedar Group has acquired **Cipher Systems** for up to \$12m (\$4.2m cash - rest performance related) Cipher (based in Canada) is a CRM services company.

One of the original UK-NASDAQers - **4Front Technologies** - has been acquired by **NCR** for c\$250m or \$18.50 per share representing a 35% increase on the previous day's closing price. 4Front Technologies Inc. announced a total revenue of \$253m (c£164m) for the year ended 31st Jan. 00, up 70%, with PBT of \$6.4m (c£4.2m) down 32%. Services make up 74% of the total revenue.

Invensys has confirmed the acquisition of **Baan** is now complete (it controls 72%).

Retail Decisions (provider of payment card services) has acquired **I.C.E. Group** (development and systems support for credit/fuel card processing) for £11m. Retail Decisions also announced a £15m fund raising.

Oxford Molecular has agreed to sell its Software Solutions Division, to a subsidiary of **Pharmacopeia, Inc.**, for a max. cash consideration of approx. £18m which may be reduced by certain adjustments at completion (approx. £1.5m). Following the disposal, the company will be placed into voluntary liquidation and the listing of the OM's shares on the Official List will be cancelled.

Microgen has acquired **Telesmart Developments**, a provider of payment software for BACS processing, for a total

Mergers and acquisitions - continued

consideration of up to £2.35m (part cash, part shares, part deferred) plus existing debts of approx. £400K.

The Innovation Group (TIG) has acquired **Technology in Marketing**, a developer of "business intelligence engines within the insurance sector", for a max. consideration of £16.2 and **Invent Software**, developer of Centurion the "London market eBusiness trading insurance solution". Partly to finance the acquisitions, TIG has placed 3m shares at 496p per share raising approx. £15m.

DCS, IT solutions and services provider, has acquired **Synapse Computer Services Inc.**, an outsourcing services company, for an initial consideration of £0.9m cash and a deferred max. (in cash and shares) of £2.5m.

Shares in **Software4Sport**, which provides ticketing and membership software for football clubs, began trading on the AIM this month. At the placing price of 10p per share the company was capitalised at £9m. Proceeds from the placing (£2.45m) will go towards further product development.

hemscott.net made its debut on AIM this month after their reverse takeover of **Bridgend**. At 2.25p this put a value of £36m on the whole group and a net £12m was raised. The debut was hardly "spectacular" and the shares ended the month up just 11% on 2.5p.

eVestment has acquired **Capital Exchange** outright (did own 24.3% before) with 4.75m shares at 10p per share.

Following its marketing alliance and c\$5m (9.16%) investment in "suffering and unprofitable" NASDAQ-listed **Phoenix International** (installed client/server-based core banking solutions) back in Feb. 00, **London Bridge Software Holdings** has entered into acquisition discussions on an exclusive basis. London Bridge is a class act - and one of the UK's leading SCS 'exporters' They are acquisitive - and have the paper to support this - and very choosy who they go after, so we are not concerned that Phoenix is suffering at the moment.

Lastminute.com has made a decisive move into Europe with the acquisition of privately owned travel business the **Degriftour Group**, France's largest e-commerce company, for £58.9m in cash and shares, apparently making it "the third largest e-commerce company in Europe and the largest European-based e-commerce company".

Will Torex benefit from the NHS?

Torex, an IT solutions provider for health and retail markets results for the six months ended 30th Jun. 00 show turnover increased 88% to £34.9m (continuing operations by 61%) and PBT remained virtually static at £1.8m (due in part to exceptional restructuring costs of £861K). Diluted EPS reduced from 3.9p to 3.7p. Commenting on the outlook Chairman Chris Moore said: "Torex has made a good start to the year. The level of secured work together with the efficiencies that have already been achieved in our hospital systems businesses give your Board confidence that we are set for another successful years trading. Your Board continues to look for suitable acquisitions that will complement and accelerate the development of the Group's activities". Torex now hope to benefit from the Government's commitment to modernise the NHS over the next few years. But Torex are also expecting further exceptional restructuring charges in H2 "of up to £2m" which will continue to affect their profit.

The shares have risen 39% this month to end on 748p.

Consultancy divorces...

The break-up of **Andersen Consulting** and **Arthur Andersen** is to go ahead, following the ruling in Paris this month. AC will not have to pay the £9.6bn penalty claimed by **AA** but it will lose the right to continue using the Andersen name. In a similar move, **KPMG** has confirmed that its consultancy arm will separate from the auditing business later this year, valuing it at £3.7bn. KPMG will retain a 20% stake in the consultancy company when it IPOs, but will divest its stake within five years. As in the Andersen case, the new company will not continue to operate under the KPMG name.

Recent IPOs

Name	Activity	SCS or Dotcom	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Aug 00	Premium/Discount
iTouch	Mobile IT Services	SCS	S&S	MAIN	70p	£182.0m	02-Aug-00	67p	-4%
The Market Age	Online Information Software	SCS	SP	AIM	160p	£18.4m	02-Aug-00	142p	-11%
Televork	Messaging & Workforce Mgmt S/W	SCS	SP	MAIN	145p	£262.0m	03-Aug-00	317p	118%
IQ-Ludorum	Internet Gaming Software	Dotcom	S&S	AIM	75p	£60.0m	09-Aug-00	79p	5%
Axiomlab	Internet Investment	Dotcom	E-I	AIM	5p	£14.0m	10-Aug-00	14p	175%
WAP Integrators	WAP phone software	SCS	SP	AIM	10p	£13.7m	10-Aug-00	13p	33%
InterClubNet	Online Communication Services	Dotcom	S&S	AIM	125p	£30.0m	14-Aug-00	115p	-8%
Hemscott.net	Online Financial Information	Dotcom	C&M	AIM	2p	£15.0m	15-Aug-00	3p	25%
Software4Sport	Ticketing & Membership software	SCS	SP	AIM	10p	£9.0m	17-Aug-00	12p	18%
Stilo International	Software Authoring Tools	SCS	SP	AIM	50p	£21.0m	30-Aug-00	93p	85%

Forthcoming IPOs

Name	Activity	SCS or Dotcom Index	Index Class	Market	Issue Price	Market Cap.	IPO Date	Comments
EBF Finance	Technology Investment	Dotcom	E-I	AIM	tbc		tbc	
eDefined.com	Online Financial Services	Dotcom	C&M	AIM	tbc	£50m	tbc	
Orbital Software	Internet Software	Dotcom	SP	techMARK	tbc		tbc	Market cap >£50m anticipated, IPO likely Oct.
Pulse Capital	Internet Investment	Dotcom	E-I	AIM	tbc		tbc	
Reacall	Internet Solutions	Dotcom	S&S	MAIN	tbc		tbc	
tecc-IS	Technology Investment in Israel	Dotcom	E-I	AIM	25p	£10.0m	tbc	
Tradezone Intl	Procurement Software	SCS	SP	AIM	tbc		tbc	
WRMC.com	B2B Information Provider	Dotcom	B2B	techMARK	tbc		tbc	

News from Europe

Vedior and Select

Netherlands-based general staff agency **Vedior** - which acquired UK ITSA 'superstar' **Select Appointments** last year - announced revenues up 80% to EUR 3b during H1 00 but a net loss of EUR 123m, compared to net profit of EUR 44m in H1 99. The Select business (now includes Vedior's Expectra specialist business) saw sales increase 34% to EUR 1.2b. Organic revenues at constant currency rose 18%. Operating income rose 39% to EUR 79m.

Cap Gemini Ernst & Young

As expected, **Cap Gemini** (or **Cap Gemini Ernst & Young** after the \$12.4b acquisition effective since May) is suffering like all the "traditional" IT services companies at present. Analysts have reduced revenue growth expectations for the full year from the 12-14% range down to c10%.

On a proforma basis - i.e. assuming that **Ernst & Young** had been included in full for both periods - revenues in first six months to 30th June 00 would have grown by just 5.5% to Euro 4.1b "Average growth of 5.5% for H1 is made up of 8.0% in Q1 and 3.2% for Q2". Operational profit margins were "around 10%". But the outlook for H2 looks a lot better with Q2 orders up 10% and Q3 orders predicted up 25%.

Comment: We were somewhat "amused" at one of the reasons given...i.e. that "There is a natural curiosity from people wanting to meet their counterparts from the other side. this has caused some distraction from the focus on the marketplace". (CEO Geoff Unwin quoted in the FT) In other words...**too many meetings!** We have sympathy... but have never seen it used as a reason in warning before!

Atos buys Origin from Philips

Origin, the ailing IT services arm of Dutch electrical giant **Philips**, is to 'merge' with French IT services company **Atos** in a deal which values Origin at Euro 2.7b. After the merger, Philips will hold 49.9% of Atos Origin which will have combined 1999 proforma revenue of Euro 2.8b.

Comment: Up until 1998 Origin was in the UK Top 40 SCS/SP rankings, but has languished since. They brought in Robert Pickering (ex-CEO of Texas-based BSG-IT Alliance) in Feb. 98 to restore Origin to profitability and prepare it for IPO. Pickering achieved the latter but Philips went soft on the former, and Pickering bailed out in May this year. The deal will boost Atos' presence in the UK - currently they only have c£30m rev. in the year to 30 Sep. 99, compared to Origin UK's c£127m (of which c£10m comes from Philips).

Morse..Certainly Quality..almost "Boring".

Morse ("a leading European Technology Integrator" or, in our books, Sun's major reseller) has announced some really excellent results for the year to 30th June 00

MORSE

with revenue up 78% at £506.3m, PBT (before goodwill & exceptionals, up 36% at £32.1m. Ordinary PBT was still up 22% at £22.9m with diluted EPS down 55% at 10.1p.

Professional services business was up an even more impressive 105% at £55.6m. 377 staff are now so employed. 23% of revenue now come from Cont. Europe. UK revenue was up 59% at £391.6m.

Morse' CEO Duncan McIntyre told us that he was particularly pleased with the services growth. Whereas others (e.g. Computacenter - see p4 had staff on 'bench time', Morse could not get enough of the right people.

Mind you, Duncan did make one of those annoying "but we only grew 37% in Germany" comments! Telecoms is a major

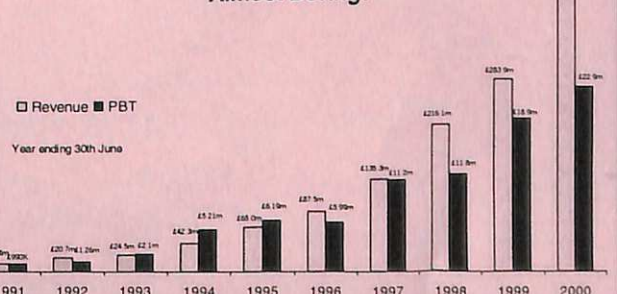
Morse Holdings plc

(for Morse Group up to 1995)

PBT and Revenue Record

Relative to 1991

"Almost Boring!"



driver in UK and France (but Morse is not involved in telecoms in Germany). Anyway, Morse is now benefiting from a 12 year relationship with the world's leader in servers - a relationship whose time has come in the new e-services environment. Put this against the current performance of other resellers and you realise that Morse is a class act whose track record is close to **Boring!**

The market clearly likes the results too. Morse ended Aug up 18% at 583p. That compares with the 250p IPO price in Mar 99 and makes them one of the better (or least battered) performers of the Class of 99.

Summary of other results:

Financial Objects into the red

Financial Objects (banking software products) results for the six months ended 30th Jun. 00 show turnover down 17% to £8.9m as, PBT of £2.6m became a LBT of £1.6m and EPS of 5.2p slid to LPS of 3.33p.

Roger Foster, Chairman, said: "As a result of the impact of the changes in our market, 2000 **FINANCIAL OBJECTS** will be a very disappointing year for the Group...the Group is well positioned to return to profitability in the second half".

The market reacted to the interims with a sharp drop in the share price - down 22% in the month to 114p.

Delcam "progress"?

Delcam, the CAD/CAM systems supplier, boosted rev. by just 8% to £8.3m in 6 months to 30th June 00. PBT was up 20% at £611K and EPS was up 16% at 8.1p.

Tom Kinsey, Chairman, said "progress will be maintained both for the remainder of this year and into 2001." Delcam was an IPO in Nov. 97 at 260p but ended Aug 00 on 228p....

MERANT is still in strife

Troubled UK-owned (but in effect US-controlled) tools company **MERANT** is still in strife. Q1 (to 31st Jul. 00) will produce revenues between £48m-£49m (£55m last year) and pre-tax losses (before goodwill etc) between £5.5m and £6.5m (profit £1.4m last year). CEO Gary Greenfield was "disappointed with revenue in first fiscal quarter. Cobol license fees worldwide have declined significantly below expectations and our forecast. We believe that this softness indicates a faster than expected shift in customer demand away from mainframe and Cobol products".

Comment: There is a wider message here for the industry. Legacy projects which fuelled growth pre-Y2K are going to take a long time to recover - some might never achieve the trick. Although e-commerce development is the new shooting star, it's just nowhere near big enough yet to make up the shortfall in these heavy traditional areas. MERANT shares ended August down 31% on 100p.

Bright Station

Bright Station results for the six months to 30th Jun. 00 showed revenues down from £87.2m in the six months to Jun. 99 to £52.6m (due to disposals, however Q2 revenues up 78% to £1.9m over Q2 99 excluding the licence fee of £4m received from Fujitsu in Q2 1999). PBT of £1.7m became LBT of £112m (>£100m of which on discontinued operations).

CFS Group suffers profits decline

CFS Group, (software for the asset based finance industry) increased turnover by 13% to £6.9m in the six months to 30th June 00. But PBT decreased by 53% to £122K and EPS was down 63% 0.47p. The decrease in revenue is explained by "significant investment in new LeaseManager product and in infrastructure training to support alliance with Netsol".

Alfred Stein, Chairman, said, "We are gratified with the growth achieved in turnover. In order to achieve our growth objectives we took the decision to invest in our products and the relationship with Netsol, which has pushed costs higher in the short-term but offers clear benefits to the group. We have a promising sales pipeline and the Board is confident over the prospects for the next year."

Many of CFS's customers are still using legacy systems and an ASP option would be an attractive method of upgrade. Hopefully, the relationship with Netsol will help to decrease the time-to-market for this option and decrease the costs related with the development process.

Contrasting statements

On 31st Aug. 00 **QSP** issued a Y2K hangover profits warning stating that results for the year ending 31st Dec. 00 will be "below market expectations". Malachy Smith, Chief Executive, commented "Whilst we have experienced slower trading conditions in the first half of the year, we still expect modest growth over the results for the year ended 31st December 1999 and are confident that the medium term prospects for the Group remain positive". At the month end QSP shares had fallen 21% to 104p.

On the same day, **Terence Chapman Group** shares soared by 36%. It was only on 1st Sep. 00 that we learned of "increasingly buoyant trading" and that TCA Consulting will "exceed current market expectations". "The Group therefore will report higher turnover and profits than current market expectations for year ended 31st Aug. 00".

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