

System House

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"An industry in denial?"

A strange page one headline, you might think. Except that it's the phrase that has been whispered to me at several conferences, including the CSSA Annual Conference in Bournemouth, after I have had the temerity to question the sustainability of the current boom in all things related to UK IT services - revenue growth, profit margins, stock prices et al.

In public - particularly in front of the investment community - our industry wants you to believe that:

- "we have no difficulty recruiting staff - this is due to staff wanting to work for us rather than the competition". Indeed, EDS has taken on c1,900 in the last year, CMG c1,200, CSC c400, and Cap Gemini c1,200.

- "Our business is not supply constrained...we would be happy to take on any profitable business we are offered".

- increases in staff costs are well under control and are <10%. "Some staff with special skills get more, but the influx of new recruits compensates for this, thus reducing the increase in the average cost per person".

- "staff churn is not a problem in our company" - EDS, for example, say that they have had staff turnover of just 11% in 97 (but graduates a higher 14.5%). Others would have you believe similarly low figures.

- "we have no problem passing on any staff cost increases to customers".

- similarly, "we have investigated every contract we have and do not believe we are liable for any problems which may be encountered relating to the Y2K".

- Post 2000? "Projects are currently being postponed due to Y2K demands. These will be back on stream post 2000". "The demands of e-commerce and all things related will take over as the growth driver post Y2K".

And of course, these statements merely fuel the already overheated valuations of UK SCSi companies.

We have taken a "snapshot" of P/E's in mid-April every year since 1986. Mid-April because that's when most of the previous year's results have been declared. As can be seen in the diagram, average P/E's of quoted SCSi companies have risen from a record 25 in mid-April 1997 to a quite staggering 37 in mid-April 1998. Indeed, as in all averages, this covers up the fact that quite a few SCSi companies with quite pedestrian growth records are on

historic P/E's of over 50 - some as high as 70!

There is a simple rule of thumb...P/E's are usually about equal to the average EPS growth expected in the next few years.

If you subscribe to that, then you will not be amongst those caught out when the current white hot market crashes.

We believe that:

- although the market is growing at 20%+ - and will do so in 1998 & 1999 - 10% (i.e. a half) of this growth comes from the Y2K and Euro effects. Post Y2K, we expect the market to revert to a more normal 10% p.a. growth. We expect earnings to fall at least in line with revenue growth. In other words, post Y2K P/E's could drop 50% from their

current levels.

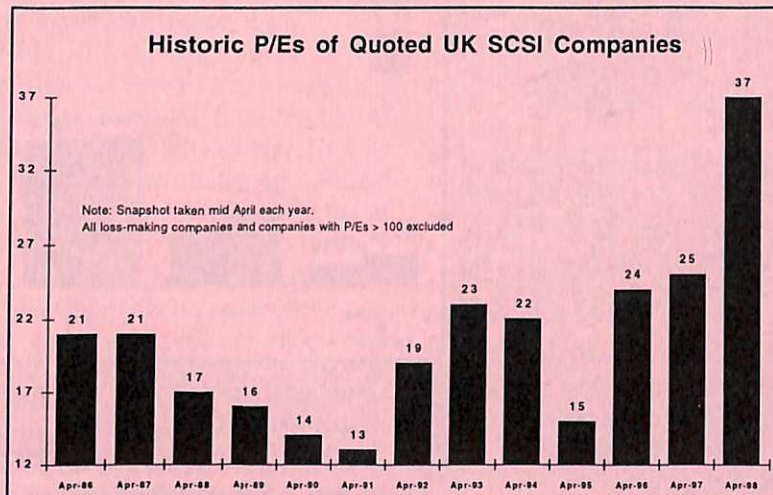
- the industry is clearly recruiting at record levels. These new recruits will become really effective in 2000/01 - just in time for the slowdown in growth! At present the hottest sector is the IT staff agencies. When demand exceeds supply such companies prosper above all others. When the converse applies (see what happened to the

likes of Computer People in the late 1980s) they tend to suffer very badly.

- regardless of what the small print of the contract may say, if the system (bespoke or packaged) that you installed for a customer is not Y2K compliant and that customer says "Fix it or I take all my future work elsewhere", you will be faced with losing long term business or taking a hit against profits short term.

- we have had approaches from both Government and other bodies to create an index for use in outsourcing contracts which more accurately reflects the current increases in staff costs. Many of you have "privately" expressed your concern over inadequacies of SLAs linked to the RPI (or similar). But in public a different answer is given in case the markets should get upset.

The current IT services market has analogies with the UK housing market in the 1980s. Overheating meant that late entrants got hurt. It took many years for confidence to return. Our industry needs a healthy but steady market. It does not need the kind of steep reversal that we increasingly fear. If those in the industry could be rather more open with their problems and fears, perhaps current expectations could be dampened to everyone's advantage.



Superb growth at MSB International

MSB International plc is an IT staff agency. They were a new issue onto the main market at 190p in May 1996. This valued them at £38.8m with a P/E of 16. It looked cheap even at the time, but there were a few "problems" in the MSB history which might have put off some investors (like us!).

But MSB has prospered to say the least. Even though we might say that they were in exactly the right place at the right time and that it is difficult not to prosper in today's IT contract staff agency market, their organic performance has been quite simply superb.

In the year to 31st January 1998, MSB increased revenues by 85% to £128.8m, PBT by 61% to £9.04m and EPS by 57% to 29.0p. All this was achieved organically. Margins have declined from 8.3% to 7.4% "reflecting the costs we are incurring to support and sustain our rapid rate of growth". But this is no real criticism as even at 7.4% it's one of the best in the industry!

Both Mark Goldberg (Jt. MD - who has recently bought into Crystal Palace FC) and Peter Somers - Finance Director ("this is the time for him to seek new challenges") are stepping down. In a way that is no bad thing. Those that build a company in its early days are not always the best to lead it when revenues exceed £100m.

Quite a few others should note and learn this too! A new CEO will be appointed soon at which point Peter Flaherty will become Deputy Chairman.

The number of contractors out with clients increased by 61% to 2,180 at the end of the year. By 31st Mar. 98 this had risen still further to 2,360.

MSB says it has established itself as the largest supplier of IT contractors in several sectors of the market including PC and Network Support, Sybase, Oracle and Ingres. "These markets are large and although we have been long established in them we have no more than 10% of these markets which continue to expand rapidly and are amongst our fastest growing."

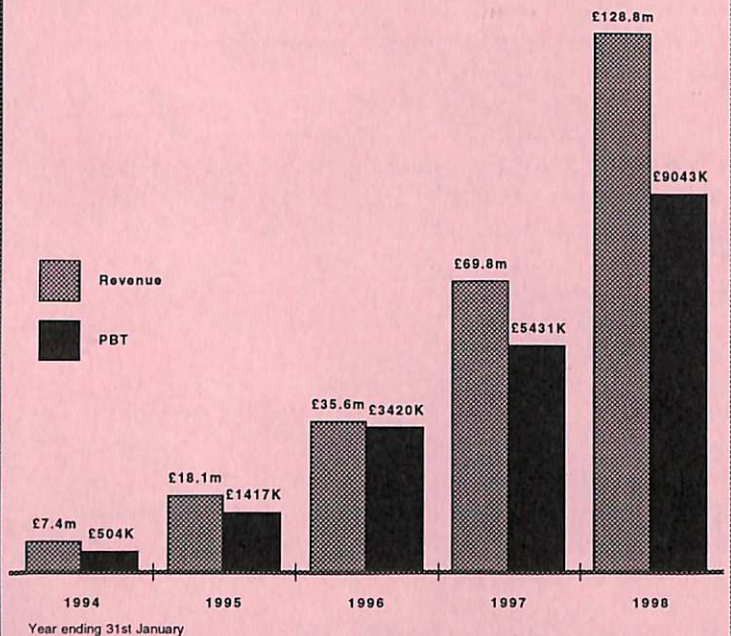
The most exciting aspect is the huge potential we have in areas where we are only just starting to establish our presence. Software sectors such as SAP, Java, Unix and PowerBuilder have large and fast growing demand and we have recently organised teams to start addressing these markets".

Whatever your views may be on the market post 2000, there surely can be few doubters that MSB is one of the slickest operators around. It may have a "City dealer" type image. But perhaps that's what is required when dealing in IT contractor "commodities".

MSB International ended April 98 on 970p - a "mere" 410% premium to their new issue price less than two years ago.

MSB
INTERNATIONAL PLC

The Meteoric Organic Growth of MSB International plc



Internet boost for IS Solutions

IS Solutions is a systems developer, FM and enterprise management operation. In 1997 they started building Internet sites.

IS Solutions was an IPO on AIM in Sep. 97. Some 31% of the equity was floated at 134p which valued them at £6.39m. Gross proceeds were £2m with a net £640K receivable by the company. The additional money raised is "to provide additional working capital as well as for selected strategic acquisitions" according to MD John Lythall.

Maiden results for the year to 31st Dec. 97 show revenues up 14% at £8.75m, PBT was up 146% at £540K and EPS up 129%.

"Considerable progress has been made during the last year and we continue to experience a high level of business leads, particularly in our **Total Internet** activity, therefore we remain confident of the outcome for the current year".

Scrip Issues

We often get phone calls asking why company X's shares have "halved" in price in the month - scrip issues seem a mystery to some. Sema is now thinking of a 3-for-1 and CMG a 4-for-1. Will Misys be next?

Buoyant ERP market helps Druid

Druid's results for the six months to 31st Dec. 97 were again excellent with revenues up 52% at £14.3m, PBT up 34% at £2.4m and EPS up 53%. This reduced the PBT margin from 19% to a still remarkably good 17%. Average staff numbers increased by 42% to 329.

Druid is changing itself into a more sophisticated solutions provider. This means more repeat business, a wider spread of activities and fewer ties to any particular software provider - all good news.

"The bulk of our work remains the implementation of business change for strategic reasons. The market for ERP software shows strong growth internationally and remains a favourable background factor for the sustained, profitable growth of Druid's services" said Chairman David Tebbs.

Druid's share price has been one of the market's stars since its float at 275p in Nov. 96. They closed April 98 at almost £10!

SFO investigation at Azlan

It was finally announced this month that the Serious Fraud Office was to mount an investigation at **Azlan** into suspected false accounting. We have covered this story many times. This is one more unwelcome problem for Barrie Morgans to solve - he could do without any more.

"Very challenging year" at Clinical Computing

If you really want a classic case of a new issue disaster then look no further than **Clinical Computing**. A glance at the chart below will make it easy to answer the question "When did Clinical float?" February 1994 is the answer - just after it reported PBT of £1.16m on revenues of £2.4m - its first year of profits.

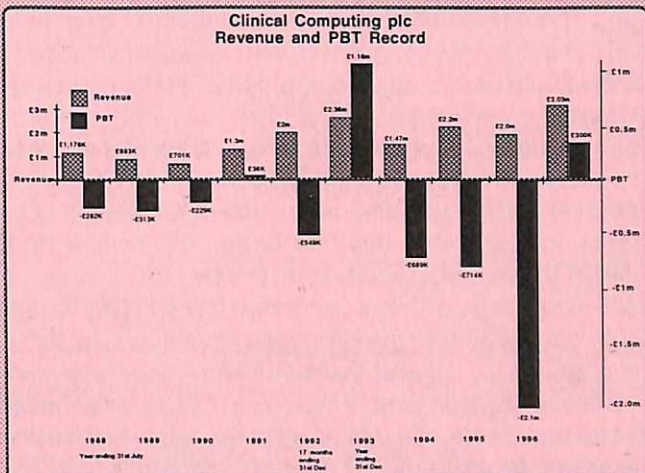
Clinical sells, under the brand name PROTON, "a suite of software products for the storage and management of detailed records aimed at the needs of clinical departments...aimed at helping doctors look after patients". The placing at 124p in Feb. 94 valued Clinical at £20.1m. The share price quickly grew to a high of 186p - a 50% premium.

There has then followed four years of, quite frankly, appalling results. The 1994 results showed revenues down 44% and losses of £689K. A "difficult healthcare computing market in the UK", and management change causing energies to be diverted, were blamed.

"1997 was a very challenging and rewarding year for Clinical Computing...The 1997 results indicate the Group's potential. Profit for the year was £300K which is a considerable improvement on the loss recorded in 1996 of £2.1m. This has been achieved through a 53% increase in turnover and a 24% decrease in costs".

The other events of 1997 included the divestiture of Clinical's interests in the robotics activities of Armstrong Healthcare. In Jun. 97, Clinical acquired the RENLStar product line from Gambro Healthcare in the US. Also in Jun. 97, Clinical signed "an important contract with Roche Products in the UK to develop a Disease State Management system for renal transplants".

Clinical shares closed April 1998 on 63p. A far cry from the 124p placing price.



Best - another staff agency does well

Best People probably has the fastest growth of any company in the IT staff agency sector. They were only formed in Apr. 97 by Rupert Bayfield (the founder of Computer People back in 1972, who left in 1991). He was joined by three top Computer People managers - Susan Cuff (MD), John O'Sullivan and Jon Butterfield. £3.5m of the £5m backing required came from Apax Partners. They started the acquisition spree by buying **Resources International** for £3m. Apart from the business, they also acquired the **Remumix** database product which has become the bedrock of Best's systems since. In Nov. 97 Best acquired the largest independent IT agency in Scotland - **Kingsford Smith**. In March 98, they added £6m revenue by acquiring **Footprint** in Bristol.

The 'base' company (Resources International) had revenue of £11.2m in the year to 20th Apr. 97. From there, amazingly, Best is now on an annualised run rate of £57m p.a. That could well put them into (the lower echelons) of the Top Ten IT staff agencies in the UK in 1998...and after less than a year in operation! With fees >£1.5m, they are also in the top ranks of permanent UK IT recruitment companies. They are also now one of the top five advertisers in the trade press.

Most of Best's growth has been organic in the last year. Best currently have over 800 contractors on site. They are budgeting for c1,540 at the end of 1998.

A "planned loss" was made in 1997. But, according to FD Dale Todd "at this stage, profitability is not particularly meaningful, as 1997 was very much a year of investment and development for us". VC Apax Partners are involved. From May 98 they are expecting to make a profit and are at present "ahead of target"....

But what of the future? We have oft said that we expect the UK IT staff agency market will peak soon. If you subscribe to that, it is probably a good time for Best to cash in on some of this success. **A float? A trade sale? We would not be surprised at either announcement in 1998.**

Profits warning from Cadcentre

Yet another warning from an SCSI company. **Cadcentre** (3D CAD systems for factories) announced that full year's trading is expected to be "somewhat below market expectations" but "substantially ahead of the £1.77m profit in the prior year". The warning is principally due to problems in the Far East, responsible for c13% of sales, where sales have fallen by c6%.

The market reacted swiftly with heavy institutional selling and the price dived 43% on the day of the announcement. They recovered slightly to end the month on 254p - a drop of 35% in the month.

Bond International ahead of expectations

Bond International's flagship product is *Adapt*. This "is the international market-leading software for the personnel and recruitment industries, and is currently used by more than 1,500 businesses in nearly 30 countries".

Bond International was a new issue on AIM in Dec. 97 at 65p and a capitalisation of £8.9m.

Bond International "posted preliminary results comfortably ahead of ambitious 1997 forecasts given in the lead up to flotation". Indeed, revenues increased by 48% to £6.4m, PBT was up by 228%.

MD Steve Russell said "The signs for 1998 are excellent. The £1.15m raised in the flotation will provide a platform for further expansion through organic growth and the acquisition of similar software-orientated businesses". Bond shares ended April 98 on 88p - a 35% premium on the IPO price just four months earlier.

Strategic review at Anite

The **Anite Group** has just completed its strategic review. CEO John Hawkins says that they will now focus on systems integration and services. The market was apparently impressed as the shares immediately rose, but they fell again to end the month slightly down.

We clearly missed the announcement last month that Mike Shone was standing down as MD of Anite Systems. We wish him well.

Financial Objects profitable in 2nd year

Financial Objects plc, was a new company set up by Roger Foster (of ACT fame) and Jess Dorrell (former ACT marketing director) in Dec. 95. VCs Schroder Ventures and Thompson Clive took a 20% stake for c£2m. In Apr. 96 Financial Objects announced a strategic alliance with Indian Tata for the development of a banking package - Quartz.

In Aug. 96, FO acquired the long established wholesale banking software group - **Ibis** - for around £4m. It looked an even better deal when the cash in the company was taken into account. Ibis had been 90% owned by the Italian International Bank and 10% by IBM. The Ibis AS/400 based system has "an international client base of over 100 banks with over 200 sites" and revenues of £16m in 1996. At the time of the deal Foster said "this makes Financial Objects number two (i.e. to Misys) in the banking software market in terms of sites installed and will significantly accelerate our growth plans".

In late 1997, FO concluded a deal with 9000 Ltd (a company specialising in front office systems for banks). FO acquired 50% of the equity in 9000 Ltd.

It really looks as if Foster's confidence in Financial Objects has been borne out by the results for the period ending 31st. Dec. 97. Revenues nearly trebled from £5.6m to £15.7m and there was a remarkable turnaround in profitability from an operating loss of £1.47m in 1996 to an operating profit of £2m and a PBT of £1.8m in 1997. Of course, "the increase in sales and the transition to profits partly resulted from a full year of consolidation of the Ibis business".

About a third of the revenues in 1997 were generated in the UK with a further 50% from coming from Europe. It looks as if the Ibis customer base has responded well to FO's involvement with "new business secured throughout the base, including a number of very substantial contracts for implementation in 1998".

Foster said "prospects for the current year are good and we believe that 1998 will be a year of high organic growth. Our order book at the beginning of the year was nearly 40% up on the previous year. However, our level of profitability remains lower than that of our main competitors as a result of our high level of investment in product development".

To have produced a profit in only its second trading year is excellent. Clearly both VCs and individual shareholders must be pleased with the investment to date and with the increasingly promising prospects for the future.

Granada Computer Services

GCS (desktop services) was the subject of an MBO from **Granada plc** in Sep. 97 for a total of £97m (a high price at the time in our opinion). The MBO was led by MD Richard Ferre and backed by Citicorp and Société Générale. The MBO team have about 15% of the equity. We have just obtained their headline figures for the year to 30th Sep. 97. I.e. prior to the MBO. Revenue on continuing operations increased from £133.8m to £142.9m with PBT up from £8.1m to £9.7m in the year. Over 1950 staff are now employed.

Total revenue in fact fell from the £149m we reported for 1996 due to the closure of the US and Swedish operations which accounted for £15m revenue in that year.

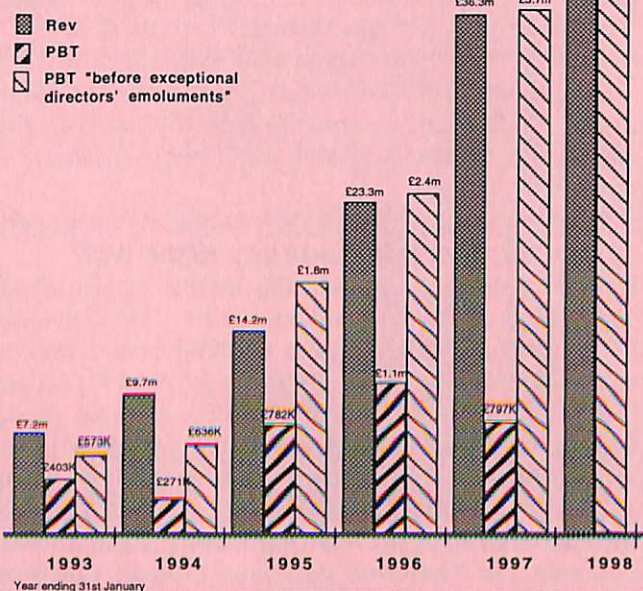
But with the market for desktop services currently booming, the future could be bright.

More IT Staff agencies continue to thrive Harvey Nash - does well

IT staff agency/recruitment services group, **Harvey Nash**, has just announced its full year results to 31st Jan. 98 - the first since their float on the main market last April. Revenue rose 54% to £55.8m with PBT at £5.2m. Comparisons are a little difficult due to the exceptional flotation and directors costs (last year's PBT after "exceptional" directors costs of £2.9m was only £797K).

Harvey Nash Group Six Year Revenue and PBT Record

(Note: Scale for Revenue
1/10th of that used for PBT)



Harvey Nash's margins at nearly 10% are much better than most competitors in this field.

Strong organic growth was achieved in all three business divisions. Joint MD David Higgins commented that. "Early indications of performance for the current year are encouraging... we view the future with optimism". Executive Search and Selection Division increased revenue 50% to £12m with OP up 32% to £2.4m. IT Contract Services Division had revenue of £42.6m (up 53%) and OP of £2.8m (up 43%) with the smallest Division, IT File Search, having revenues increasing more than double to £1.2m and OP up a similar amount to £300K.

Higgins also commented that the strong pound has made potential European acquisitions attractive. Analysts are now forecasting FY99 PBT of £7.3m, a forward P/E of c25. Somewhat strangely the shares fell 14p on the day of the announcement and then remained static to end the month on 440p - a rise of just 2%.

...as does Hutchinson Smith

Hutchinson Smith is yet another IT agency that has shown good growth. In the year to 31st Jul. 97, revenue rose 35% to £48m with PBT up from £1.5m to £2.25m - a 4.7% margin which is about average in this sector. According to MD Peter Smith, they are expecting c£70m revenue in FY98. Possibly another flotation candidate whilst sentiment towards SCSi stocks remains?

Quoted Companies - Results Service

Note: Shaded = Results announced this month.

Admiral plc					Eidos plc				
REV	Final - Dec 96	Final - Dec 97	Comparison		Interim - Sep 96	Final - Mar 97	Interim - Sep 97	Comparison	
PBT	£ 90,819,000	£ 117,191,000	+29.0%		£ 20,492,000	£ 75,531,000	£ 21,817,000	+6.5%	
EPS	11.60p	17.80p	+53.4%		£ 12,497,000	£ 7,626,000	£ 18,331,000	Loss both	
AFA Systems plc					Electronic Data Processing plc				
REV	Final - Dec 96	Final - Dec 97	Comparison		Final - Sep 96	Final - Sep 97	Comparison		
PBT	£ 364,000	£ 226,000	-37.9%		£ 14,267,000	£ 12,565,000	-11.9%		
EPS	-10.50p	-16.80p	Loss both		£ 2,519,000	£ 1,741,000	-30.9%		
AIT Group plc					F.I. Group plc				
REV	Interim - Sep 96	Interim - Sep 97	Comparison		Interim - Oct 96	Interim - Oct 97	Comparison		
PBT	£ 5,063,000	£ 10,675,000	+122.1%		£ 46,254,000	£ 98,800,000	+54.0%		
EPS	2.42p	5.68p	+137.4%		£ 2,805,000	£ 6,575,000	+53.7%		
Anite Group plc					Flomerics Group plc				
REV	Interim - Oct 96	Interim - Oct 97	Comparison		Final - Dec 96	Final - Dec 97	Comparison		
PBT	£ 103,533,000	£ 193,399,000	+86.7%		£ 5,332,409	£ 5,786,456	+8.5%		
EPS	-£ 63,454,000	-£ 50,377,000	Loss both		£ 477,885	£ 48,085	-89.9%		
Azlan Group plc					Gresham Computing plc				
REV	Interim - Sep 96	Interim - Sep 97	Comparison		Final - Oct 96	Final - Oct 97	Comparison		
PBT	£ 126,484,000	£ 292,900,000	+131.5%		£ 9,271,000	£ 8,689,000	-6.3%		
EPS	£ 6,034,000	-£ 14,100,000	Profit to loss		£ 1,682,000	£ 667,000	-60.3%		
Cadcentre Group plc					Guardian IT plc				
REV	Interim - Sep 96	Interim - Sep 97	Comparison		Final - Dec 96	Final - Dec 97	Comparison		
PBT	£ 7,795,000	£ 17,339,000	+122.1%		£ 15,224,000	£ 23,026,000	+51.2%		
EPS	-0.05p	7.13p	Loss to profit		£ 2,345,000	£ 4,033,000	+72.0%		
Capita Group plc					Harvey Nash Group plc				
REV	Final - Dec 96	Final - Dec 97	Comparison		Final - Jan 97	Final - Jan 98	Comparison		
PBT	£ 117,889,000	£ 172,904,000	+46.7%		£ 36,321,000	£ 55,796,000	+53.6%		
EPS	4.75p	6.51p	+37.1%		£ 797,000	£ 5,527,000	+593.5%		
Cedardata plc					Highams Systems Services Group plc				
REV	Interim - Sep 96	Interim - Sep 97	Comparison		Interim - Sep 96	Interim - Sep 97	Comparison		
PBT	£ 5,861,000	£ 10,363,000	+76.8%		£ 7,359,000	£ 16,394,589	+122.1%		
EPS	£ 1,935,000	£ 1,589,000	-17.9%		£ 388,000	£ 878,707	+126.2%		
CFS Group plc					ilion Group plc				
REV	Final - Dec 96	Final - Dec 97	Comparison		Final - Dec 96	Final - Dec 97	Comparison		
PBT	£ 4,569,000	£ 8,828,000	+94.3%		£ 146,875,000	£ 203,134,000	+38.3%		
EPS	6.44p	8.29p	+28.7%		£ 6,009,000	£ 6,100,000	+1.5%		
Chemical Design Holdings plc					Intelligent Environments Group plc				
REV	Final - Dec 96	Final - Dec 97	Comparison		Final - Dec 96	Final - Dec 97	Comparison		
PBT	£ 1,866,000	£ 1,886,000	+1.1%		£ 3,475,554	£ 4,443,146	+27.8%		
EPS	-£ 165,000	-£ 580,000	Loss both		£ 1,379,256	£ 3,009,417	+116.7%		
Clinical Computing plc					IS Solutions plc				
REV	Final - Dec 96	Final - Dec 97	Comparison		Final - Dec 96	Final - Dec 97	Comparison		
PBT	£ 1,879,690	£ 3,025,110	+61.8%		£ 7,671,000	£ 8,750,000	+14.1%		
EPS	-£ 2,079,530	£ 275,564	Loss to profit		£ 219,181	£ 539,845	+146.3%		
CMG plc					JBA Holdings plc				
REV	Final - Dec 96	Final - Dec 97	Comparison		Final - Dec 96	Final - Dec 97	Comparison		
PBT	£ 245,159,000	£ 302,992,000	+23.6%		£ 161,810,000	£ 221,737,000	+37.0%		
EPS	£ 27,522,000	£ 38,645,000	+40.4%		£ 11,259,000	£ 5,233,000	-53.5%		
Comino plc					Kalamazoo Computer Group plc				
REV	Interim - Sep 96	Interim - Sep 97	Comparison		Interim - Sep 96	Interim - Sep 97	Comparison		
PBT	£ 3,258,000	£ 7,792,000	+139.1%		£ 35,218,000	£ 77,776,000	+121.1%		
EPS	£ 594,000	£ 1,420,000	+139.1%		£ 2,340,000	£ 3,882,000	+66.3%		
Compel Group plc					Kewill Systems plc				
REV	Interim - Dec 96	Interim - Dec 97	Comparison		Interim - Sep 96	Interim - Sep 97	Comparison		
PBT	£ 39,542,000	£ 111,792,000	+182.8%		£ 19,830,000	£ 41,348,000	+108.4%		
EPS	£ 1,696,000	£ 5,057,000	+198.2%		£ 3,243,000	£ 7,425,000	+127.3%		
CRT Group plc					Logica plc				
REV	Interim - Oct 96	Interim - Oct 97	Comparison		Interim - Dec 96	Interim - Dec 97	Comparison		
PBT	£ 55,497,000	£ 134,334,000	+142.0%		£ 147,861,000	£ 338,465,000	+128.9%		
EPS	£ 3,367,000	£ 12,056,000	+258.4%		£ 10,632,000	£ 28,148,000	+165.6%		
DCS Group plc					London Bridge Software Holdings plc				
REV	Final - Dec 96	Final - Dec 97	Comparison		Final - Dec 96	Final - Dec 97	Comparison		
PBT	£ 35,242,000	£ 59,777,000	+69.8%		£ 6,308,378	£ 11,320,000	+79.5%		
EPS	£ 3,032,000	£ 4,920,000	+62.3%		£ 2,499,071	£ 3,701,000	+48.1%		
DRS Data & Research Services plc					Lorien plc				
REV	Final - Dec 96	Final - Dec 97	Comparison		Final - Nov 96	Final - Nov 97	Comparison		
PBT	£ 4,822,000	£ 8,765,000	+80.3%		£ 45,706,000	£ 118,930,000	+158.8%		
EPS	-£ 1,734,000	-£ 826,000	Loss both		£ 1,481,000	£ 1,585,000	+7.0%		
Delcam plc					Lynx Holdings plc				
REV	Interim - Jun 96	Interim - Jun 97	Comparison		Final - Sep 96	Final - Sep 97	Comparison		
PBT	£ 6,331,811	£ 13,579,346	+114.6%		£ 87,644,000	£ 120,752,000	+37.8%		
EPS	£ 297,227	£ 1,036,812	+247.3%		£ 6,953,000	£ 9,805,000	+41.0%		
Delphi Group plc					MMT Computing plc				
REV	Final - Dec 96	Final - Dec 97	Comparison		Final - Aug 96	Final - Aug 97	Comparison		
PBT	£ 210,635,000	£ 278,914,000	+32.2%		£ 16,861,201	£ 24,839,075	+46.1%		
EPS	£ 12,302,000	£ 12,853,000	+4.5%		£ 4,531,686	£ 5,554,611	+22.6%		
Diagonal plc					M-R Group plc				
REV	Final - Nov 96	Final - Nov 97	Comparison		Interim - Dec 96	Interim - Dec 97	Comparison		
PBT	£ 28,326,000	£ 44,788,000	+58.1%		£ 18,509,000	£ 39,430,000	+112.5%		
EPS	£ 2,007,000	£ 3,302,000	+64.5%		£ 2,354,000	£ 5,604,000	+139.7%		
Dialog Corporation plc					MDIS Group plc				
REV	Final - Dec 96	Final - Dec 97	Comparison		Final - Dec 96	Final - Dec 97	Comparison		
PBT	£ 21,443,000	£ 46,082,000	+114.9%		£ 117,799,000	£ 116,925,000	-0.7%		
EPS	-£ 7,034,000	-£ 20,432,000	Loss both		£ 49,545,000	£ 221,000	Loss to profit		
Division Group plc					Macro 4 plc				
REV	Final - Oct 96	Final - Oct 97	Comparison		Interim - Dec 96	Interim - Dec 97	Comparison		
PBT	£ 4,900,000	£ 6,878,000	+38.3%		£ 11,747,000	£ 23,448,000	+99.6%		
EPS	-£ 1,678,000	-£ 1,783,000	Loss both		£ 5,135,000	£ 10,300,000	+99.2%		
Druid Group plc					Micro Focus plc				
REV	Interim - Dec 96	Interim - Dec 97	Comparison		Final - Jan 97	Final - Jan 98	Comparison		
PBT	£ 9,384,000	£ 22,068,000	+136.1%		£ 73,689,000	£ 97,015,000	+32.3%		
EPS	£ 1,800,000	£ 5,004,000	+177.4%		£ 5,809,000	£ 15,217,000	+161.8%		

Quoted Companies - Results Service

Note: Shaded = Results announced this month.

Microgen Holdings plc				Romtec plc			
	Final - Oct 96	Final - Oct 97	Comparison		Interim - Jul 96	Final - Jan 97	Interim - Jul 97
REV	£ 73,391,000	£ 66,398,000	-9.5%	REV	£ 1,990,000	£ 4,734,677	+239.2%
PBT	£ 8,783,000	£ 5,324,000	-39.4%	PBT	£ 128,000	£ 326,125	+156.6%
EPS	15.10p	8.80p	-41.7%	EPS	1.70p	4.30p	+152.9%
Microvitec plc (now Ultima Networks)				Royalblue Group plc			
	Interim - Jun 96	Final - Dec 96	Interim - Jun 97		Final - Dec 96	Final - Dec 97	Comparison
REV	£ 33,840,000	£ 65,176,000	£ 20,892,000	REV	£ 11,679,000	£ 20,647,000	+76.8%
PBT	£ 1,610,000	£ 461,000	£ 424,000	PBT	£ 2,016,000	£ 2,041,000	+1.2%
EPS	1.40p	0.21p	0.10p	EPS	4.66p	3.33p	-28.5%
Misys plc				Sage Group plc			
	Interim - Nov 96	Final - May 97	Interim - Nov 97		Final - Sep 96	Final - Sep 97	Comparison
REV	£ 142,809,000	£ 325,470,000	£ 177,644,000	REV	£ 136,236,000	£ 152,089,000	+11.6%
PBT	£ 23,665,000	£ 62,533,000	£ 32,122,000	PBT	£ 30,053,000	£ 37,635,000	+25.2%
EPS	19.90p	52.80p	27.00p	EPS	18.50p	23.43p	+26.6%
Mondas plc				Sanderson Group plc			
	Interim - Oct 96	Final - Apr 97	Interim - Oct 97		Final - Sep 96	Final - Sep 97	Comparison
REV	£ 11,183	£ 56,609	£ 143,075	REV	£ 61,385,000	£ 67,143,000	+9.4%
PBT	-£ 104,718	-£ 421,192	-£ 250,795	PBT	£ 6,201,000	£ 2,778,000	-55.2%
EPS	-5.40p	-10.50p	-4.10p	EPS	10.10p	4.70p	-53.5%
Moorepay Group plc				SBS Group plc			
	Final - Dec 96	Final - Dec 97	Comparison		Interim - Feb 97	PF Final - Aug 97	Interim - Feb 98
REV	£ 5,118,415	£ 5,283,379	+3.2%	REV	£ 8,565,000	£ 18,981,000	+119.4%
PBT	£ 1,327,894	£ 1,385,201	+4.3%	PBT	£ 353,000	£ 728,000	+104.8%
EPS	8.26p	9.04p	+9.4%	EPS	3.40p	8.60p	+150.0%
MSB International plc				Science Systems plc			
	Final - Jan 97	Final - Jan 98	Comparison		Final - Dec 96	Final - Dec 97	Comparison
REV	£ 69,755,000	£ 128,793,000	+84.6%	REV	£ 14,603,000	£ 18,601,000	+27.4%
PBT	£ 5,431,000	£ 9,043,000	+66.5%	PBT	£ 1,271,000	£ 1,855,000	+45.9%
EPS	17.60p	29.00p	+64.8%	EPS	3.70p	6.80p	+83.8%
NSB Retail Systems plc				Sema Group plc			
	Final - Dec 96	Final - Dec 97	Comparison		Final - Dec 96	Final - Dec 97	Comparison
REV	£ 2,161,000	£ 3,284,464	+52.0%	REV	£ 926,965,000	£ 1,130,086,000	+21.9%
PBT	£ 296,000	£ 837,516	+182.9%	PBT	£ 50,019,000	£ 64,073,000	+28.1%
EPS	2.30p	6.30p	+173.9%	EPS	30.94p	39.14p	+26.5%
Oxford Molecular plc				Sherwood International plc			
	Final - Dec 96	Final - Dec 97	Comparison		Final - Dec 96	Final - Dec 97	Comparison
REV	£ 9,789,000	£ 15,641,000	+59.8%	REV	£ 24,628,000	£ 30,036,000	+22.0%
PBT	-£ 1,849,000	£ 256,000	Loss both	PBT	£ 2,065,000	£ 3,095,000	+49.9%
EPS	-3.30p	0.20p	Loss both	EPS	18.80p	22.80p	+21.3%
Parity plc				Skillsgroup plc			
	Final - Dec 96	Final - Dec 97	Comparison		Final - Nov 96	Final - Nov 97	Comparison
REV	£ 162,091,000	£ 202,078,000	+24.7%	REV	£ 344,337,000	£ 378,969,000	+9.8%
PBT	£ 10,060,000	£ 13,506,000	+34.3%	PBT	£ 14,277,000	-£ 16,308,000	Profit to loss
EPS	15.81p	20.91p	+32.3%	EPS	12.70p	-22.90p	Profit to loss
Pegasus Group plc				Spargo Consulting plc			
	Final - Dec 96	Final - Dec 97	Comparison		Final - Dec 96	Final - Dec 97	Comparison
REV	£ 7,914,000	£ 12,447,000	+57.3%	REV	£ 7,853,000	£ 9,512,000	+21.1%
PBT	£ 1,160,000	£ 1,698,000	+46.4%	PBT	£ 1,204,000	£ 1,740,000	+44.5%
EPS	15.40p	29.30p	+90.3%	EPS	6.17p	9.22p	+49.4%
PhoneLink plc				Staffware plc			
	Interim - Sep 96	Final - Mar 97	Interim - Sep 97		Final - Dec 96	Final - Dec 97	Comparison
REV	£ 2,155,000	£ 4,316,000	£ 1,850,000	REV	£ 10,009,325	£ 17,585,000	+75.7%
PBT	-£ 3,152,000	-£ 6,173,000	-£ 1,742,000	PBT	£ 873,879	£ 1,772,000	+102.8%
EPS	-6.70p	-12.90p	-3.60p	EPS	5.60p	10.80p	+92.9%
Proteus International plc				Superscape VR plc			
	Interim - Sep 96	Final - Mar 97	Interim - Sep 97		Interim - Jan 97	Final - Jul 97	Interim - Jan 98
REV	£ 413,000	£ 573,000	£ 21,000	REV	£ 1,901,000	£ 3,106,000	+63.4%
PBT	-£ 1,820,000	-£ 3,824,000	-£ 1,931,000	PBT	-£ 3,128,000	-£ 5,961,000	-£ 956,000
EPS	-3.67p	-7.31p	-3.49p	EPS	-37.40p	-69.60p	-10.90p
Quality Software Products Holdings plc				Systems Integrated Research plc			
	Final - Dec 96	Final - Dec 97	Comparison		Interim - Nov 96	Final - May 97	Interim - Nov 97
REV	£ 25,380,189	£ 28,016,991	+10.5%	REV	£ 507,000	£ 1,450,000	+186.2%
PBT	£ 28,480	£ 2,655,299	+9223.4%	PBT	-£ 1,194,000	-£ 1,938,000	-£ 296,000
EPS	0.20p	20.20p	+10000.0%	EPS	-9.10p	-13.30p	-2.40p
RM plc				Tetra plc			
	Final - Sep 96	Final - Sep 97	Comparison		Interim - Nov 96	Final - May 97	Interim - Nov 97
REV	£ 99,032,000	£ 110,170,000	+11.2%	REV	£ 9,867,000	£ 22,358,000	+126.6%
PBT	£ 6,806,000	£ 8,018,000	+17.8%	PBT	£ 830,000	£ 2,096,000	+152.5%
EPS	25.10p	30.80p	+22.7%	EPS	2.71p	6.10p	+125.1%
Radius plc				Total Systems plc			
	Final - Dec 96	Final - Dec 97	Comparison		Interim - Sep 96	Final - Mar 97	Interim - Sep 97
REV	£ 27,287,000	£ 27,728,000	+1.6%	REV	£ 1,477,822	£ 3,279,809	+122.4%
PBT	£ 1,591,000	£ 1,122,000	-29.5%	PBT	£ 185,587	£ 412,545	+120.6%
EPS	4.05p	2.94p	-27.4%	EPS	1.33p	2.76p	+107.5%
Rage Software plc				Trace Computers plc			
	Final - Jun 96	Final - Jun 97	Comparison		Interim - Nov 96	Final - May 97	Interim - Nov 97
REV	£ 9,504,000	£ 6,758,000	-28.9%	REV	£ 9,737,000	£ 17,270,621	+76.4%
PBT	-£ 3,224,000	-£ 15,430,000	Loss both	PBT	£ 145,000	£ 634,601	+336.6%
EPS	-1.34p	-6.30p	Loss both	EPS	1.03p	3.35p	+224.3%
Real Time Control plc				Triad Group plc			
	Interim - Sep 96	Final - Mar 97	Interim - Sep 97		Interim - Sep 96	Final - Mar 97	Interim - Sep 97
REV	£ 6,314,000	£ 12,565,000	£ 7,181,000	REV	£ 8,350,000	£ 18,827,000	+124.3%
PBT	£ 1,156,000	£ 2,547,000	£ 1,477,000	PBT	£ 1,219,000	£ 2,656,000	+117.4%
EPS	11.00p	25.50p	14.50p	EPS	3.22p	7.25p	+125.1%
Rebus Group plc				Vega Group plc			
	Interim - Sep 96	Final - Mar 97	Interim - Sep 97		Interim - Oct 96	Final - Apr 97	Interim - Oct 97
REV	£ 30,255,000	£ 66,436,000	£ 40,676,000	REV	£ 8,826,000	£ 17,977,000	+103.0%
PBT	£ 2,313,000	£ 5,808,000	£ 2,941,000	PBT	£ 1,405,000	£ 3,261,000	+132.3%
EPS	1.72p	4.61p	1.96p	EPS	6.35p	13.79p	+116.0%
Recognition Systems Group plc				Workplace Technologies plc			
	Final - Sep 96	Final - Sep 97	Comparison		Final - Dec 96	Final - Dec 97	Comparison
REV	£ 324,000	£ 773,000	+138.6%	REV	£ 52,088,000	£ 65,938,000	+26.6%
PBT	-£ 1,266,000	-£ 2,255,000	Loss both	PBT	£ 1,040,000	£ 1,830,000	+76.0%
EPS	-5.50p	-8.30p	Loss both	EPS	-0.38p	2.17p	loss to profit
Riva Group plc				Xavier Computer Group plc			
	Final - Dec 96	Final - Dec 97	Comparison		Interim - Sep 96	Final - Mar 97	Interim - Sep 97
REV	£ 64,438,000	£ 70,268,000	+9.0%	REV	£ 3,740,000	£ 8,981,457	+138.5%
PBT	£ 518,000	£ 1,339,000	+158.5%	PBT	£ 260,000	£ 582,000	+123.8%
EPS	0.90p	2.00p	+122.2%	EPS	0.33p	0.62p	+88.2%
Rolfe & Nolan plc				Zergo Holdings plc			
	Interim - Aug 96	Final - Feb 97	Interim - Aug 97		Interim - Oct 96	Final - Apr 97	Interim - Oct 97
REV	£ 8,630,000	£ 20,299,000	£ 9,892,000	REV	£ 4,870,000	£ 10,398,871	+112.9%
PBT	£ 1,107,000	£ 2,758,000	-£ 569,000	PBT	£ 185,000	£ 725,736	+292.3%
EPS	5.57p	14.50p	-2.93p	EPS	0.50p	3.40p	+580.0%

UK M&A

The receivers of **NetFusion** have sold their consultancy operations to a group of directors. *Another Phoenix?*

SHL Systemhouse has sold yet more of its UK operations. We were surprised at the announcement of the sale of its PC and related product distribution and technical services to **Action Computer Supplies** for £7.9m. Henry Lewis, who heads Action, said *"this move helps us along our path to our stated £500m annual turnover"*.

Quite where that leaves SHL Systemhouse is less clear. Having sold their mainframe activities to Capita, and also their training operations, we thought they were returning to their PC roots. We now understand that SHL Systemhouse will concentrate on their *"SI and Enterprise"* operations which have continuing revenues of £40-£50m. We were told there would be *"no further disposals"*. *Mind you, we thought that the last time!*

Select Appointments has acquired 85% of **Andrews Partners** which operates in New Zealand and Australia. Revenues are estimated at £11.3m to 31st Mar. 98 (32% higher than in the previous year). The initial cash consideration is £3.7m. In addition, Select has the option to acquire the remaining 15% for up to £2m based on future performance.

US Web Corp. has acquired **Xplore Ltd** *"one of the UK's leading Internet consulting firms"*.

Siebe plc has acquired **Simulation Sciences Inc.** for \$147m (£92m). SimSci provides process control software and made a loss of \$8.7m on revenue of \$61m in 1997.

The Systems House Group and **Paramount Computer Rental** have merged. The new company will offer a series of finance systems and expects revenues of >£75m by the end of fiscal 1999. But we always thought these two groups provided finance for the purchase of computers...*but perhaps we are wrong.*

Proteus is to raise c£7.6m to fund development costs in a 1-for-3 rights issue at 45p (a 30% discount to the previous night's closing price). The shares have fallen 22% in the month to 54p.

NSB Retail have made their first acquisition since they floated on AIM in Sep. 97. They have acquired larger rival **Application Programming Techniques** for £3.2m - part cash, part shares. The market liked the news and the shares rose 16% in the month to end on 308p - a considerable 168% premium to the 115p float price. With APT's £5.3m revenue, this acquisition will more than double NSB's size.

CRT has acquired **Interlight Training Ltd** for £1.33m. Interlight provides mobile IT training from luxury executive coaches. In the month they have also bought **MDS Training** (vocational training in S/W) for £700K. MDS had revenue of £1.7m in 1996.

Admiral has sold its **LegalMIND** software products business to **Sanderson Systems**. *"Historically this business has accounted for less than 1% of admiral's revenue and net assets"*.

Hamilton Rentals has bought **P&P's** UK rental business (one of the last remaining bits of Skillsgroup's *"high volume"* business) for *"an undisclosed sum"*.

Newbury-based Digital reseller **Performance Graphics** has gone into liquidation.

MMT Computing has sold its 48% stake in **MMT Reading** (which has *"continued to disappoint"* for as long as we can remember) to the **Oxford Computer Group** for £721K.

Oxford Molecular makes profit and buys Chemical Design

Oxford Molecular managed to make a profit for the first time in the year to 31st Dec. 97. A £256K PBT was declared compared with a loss of £1.8m in 1996. Revenues increased from £9.8m to £15.6m.

"The best performing products were in chemistry and biology database management products. Oxford reported rapid progress by Cambridge Combinational and Drug Discovery in which it holds a 19.99% stake. It has options to acquire these companies" Source - FT 1st Apr. 98.

It was also announced this month that Oxford Molecular is to buy Chemical Design (see also p.8) for £6.2m in an all share deal. Founders Mary Bogdiukewicz and Keith Davies apparently clashed with the rest of the board and decided to resign and sell their 76% holding to Oxford Molecular.

Last November Chemical had to restate its 1996 results which now show a loss of £165K compared with the profit of £515K previously declared due to inclusion of revenues for work as yet not completed. Coincidentally, the Oxford offer equates to a price of 110p - exactly the same as Chemical's IPO price in 1996

Lynx buys two

This month **Lynx Group** made two acquisitions. They first acquired **Clifton Reed Training** for £2.15m (£850K cash now, £675K in November and the rest in Lynx shares). Clifton Reed provides IT training and had revenues of £1.8m and PBT of £80K in the year to 30th Sep. 98.

Then they bought **Tenhill Computer Systems** for £10.2m - £7.72m in cash plus £2.5m in Lynx shares at 196p.

Tenhill provides development services for the consumer lending (in particular leasing) and credit management markets. They employ 130 staff in Yorkshire and made PBT of £400K on revenues of £6.17m in the year to 31st Dec. 97.

Kingston-SCL and a £55m MBO

Kingston Communications *"the UK's only municipally owned telecomms operator"* has sold 80% of its Edinburgh-based software house **Kingston-SCL** in a Schroder Ventures-backed MBO which analysts estimate was for a consideration of £55m.

Kingston-SCL provides billing and customer care software. It was bought in 1990 for £8m. Kingston-SCL made PBT of £1.6m on revenues of £20m in 1997.

Bids and more bids

Pegasus announced that it had received a surprise bid from *"an overseas company...at less than 365p"*. Dutch **Exact** is said to be the bidder. Given that Pegasus rejected a hostile bid at 475p in late 1996, shareholders must be feeling a little sore. Particularly as Sage's shares have soared since! However, Pegasus announced at its AGM that Q1 revenue was up 26% on the previous year.

After the recent boardroom rumpus, **Radius** shareholders must have been somewhat relieved to learn that an approach had been received from an as yet undisclosed party.

Axis MBO

Tomkins plc has sold its **Axis Resources** (FM) subsidiary for £13m in a MBO backed by VCs Lloyds Development and NatWest Equity. Axis joined the Tomkins group in 1992 when they acquired Rank Hovis McDougall. Axis had 1997 revenues of £14m and made a PBT of £510K.

MBI at Microgen

It's been a year of three profits warnings at **Microgen**, culminating in Apr. 98 with a complete management make over and a new MBI team headed by Martyn Ratcliffe. Although Microgen describes itself as "an information services group" it is still essentially a COM bureau. This market is in serious decline as new storage and retrieval methods come to the fore.

In Apr. 98 it was announced that Martyn Ratcliffe was to become exec. Chairman of Microgen and wants to buy a 10% stake for £3.5m (he will get options over 3.9m at 90p). The share price rose over 50% to 110p on the news. The current and long standing chairman Douglas Lee is standing down if shareholders give approval for the Ratcliffe MBI (hardly likely that they will reject it!).

We have come to know and admire Ratcliffe of late. Ratcliffe stepped down as senior VP of Dell responsible for EMEA. He was essentially #2 to Michael Dell and had built his part of the operation from scratch to a \$2 billion operation.

Ratcliffe was looking for a vehicle that could be used to build a UK IT services group. In many ways, Microgen fits the bill well. It had been languishing but was both consistently profitable and cash generative. The whole world of document management and workflow is changing fast. Clearly Microgen had difficulties handling that change - but Ratcliffe clearly has the management expertise to tackle such a fast changing market.

We expect further acquisitions as further legs are added to the business. Clearly this is an exciting company to watch now.

Microgen shares ended April 98 on 126p.

Kelly steps down at Macro 4

We have long described **Macro 4** as the wasted opportunity company of the decade. We could at one time have given them a coveted **System House Boring Award** - but didn't as they were really too Boring. Anyway, they suffered their first EPS reversal last year.

Anyway, this month the shares - which were currently at about half the price you could have paid in 1993 - rose by 31% to 490p on news that Terry Kelly - the Chairman and CEO - is to step down with a new CEO being sought.

A case of too much cash, too much complacency and too little imagination.

Profits surge at SBS Group

We reported last month that IT staff agency, **SBS**, had doubled in size by buying JCC for £4.5m. This month, results for six months to 28th Feb. 98 show revenue up 32% at £11.3m, PBT up 50% at £530K and EPS up 412%.

Over 550 contractors are currently out with customers. A new issue on AIM in June 97 at 100p, SBS' shares ended April 98 at 298p - almost tripled in price.

Chairman John Davies 'looks forward to reporting further progress at the year end'. In today's market, we feel sure he will.

Increased losses at Chemical Design

Chemical Design, currently subject to a bid from **Oxford Molecular** (see p7), produces software which enables molecules to be visualised. They were a new issue on AIM in Aug. 96 at 110p. Accounting problems, profits warnings etc. have made it a rocky period since. Results for the year to 31st Dec. 97 showed revenues static at £1.9m and the 1996 restated loss increased from £165K to £580K.

AFA Systems

AFA Systems was formed in Oct. 95 when it acquired the Musketeer treasury and risk system from its South African developers for £1.84m. Musketeer typically sells for £500K with the same again in implementation and support fees. Ex-ACT MD, Mike Hart, is Chairman and CEO.

In Jul. 96, AFA Systems was launched onto AIM. The placing, at 120p raised £1.83m (net) and put a value of £12m on the group. Given that it had only just been formed, had made revenues of just £217K and a loss of £133K in the first four months of trading, many may consider that to have been a pretty good value. The shares subsequently rose to a high of 150p.

Results for year to 31st Dec. 97 showed revenues down from £364K (1995 = nil) to £226K. Losses before tax doubled from £913K to £1.8m.

However, significant interest was reported for the Musketeer banking product where it has been "short-listed by a number of major international banks".

In Feb. 98, AFA signed a strategic marketing alliance with **Phoenix International Inc.** "The result will be a comprehensive and integrated retail and wholesale software solution marketed as the **Universal Banking System**".

Well, we will wait and see!

Specialist sells Byte

We have probably had more calls this month about **Specialist Computer Holdings** selling its **Byte** PC retail operation to **Dixons** than for any other subject. Most seemed to want us to "gloat". We cannot hide from our well publicised views that this was a misadventure.

But we do not gloat. Peter Rigby is the (almost) 100% owner of SCH. He believed in this operation and "put his money where his mouth is". That kind of dedication in the UK is still rare and, even though we publicly disagreed with it, we have always applauded the stand that Rigby took.

Anyway, Byte was an expensive foray. The exact price that Dixons paid seems to be obscure but press comments put it in the region of £7m. They also seem to suggest that the Byte operation lost £1.7m - on revenues of c£84m - in the last year. Rigby had told us in late 1997 that Byte had made a small profit of £130K.

Regardless of the past, SCH could (and should have been by now) a rival to Computacenter. Rigby has said that he now intends to have revenues of in excess of £1 billion by 2000 - equal to Computacenter's revenues in 1997.

No surprise at Intelligent Environments

Intelligent Environments (products to help companies build Internet/Intranet applications) were a new AIM issue in Jun. 96 at 94p. Like other companies operating in the Internet field they are loss making.

In the year to 31st Dec. 97, although revenue increased 28% to £4.4m (including £1.6m from acquisitions), losses more than doubled to £3m.

But IE however are in exactly the right marketplace at present. The BT strategic partnership augers well with customers like Woolwich, Legal & General etc. Indeed "internet revenue growth was 100% in the second half".

Since their launch, the share price is down 47% at just 50p. Capitalisation of £13m would probably have been much greater if they had chosen a NASDAQ quote.

SCSI Share Moves... Overall hardly any movement in any of the indices this month, which is perhaps a good thing considering the massive rises in the previous months. Martyn Ratcliffe's MBI at **Microgen** (p8) resulted in a 68% price increase. **Macro 4** put on 31% on news (p8) that Kelly was stepping down - *that kind of reaction must be rather depressing!*

Riva was up 30% on excellent results (p11), **Pegasus** up 29% on bid news (p7) and **Xavier** was up 25% on news that Brian Beverley had upped his stake (p12).

Cadcentre fell 35% on its profits warning (p3) and **Total** shed 29% on profit talking, but is still showing a 50% rise in 1998.

30-Apr-98	SCSI Index				4363.90
	FTSE IT Index				1451.21
	FTSE 100				5928.30
	FTSE AIM				1080.10
	FTSE SmallCap				2645.87
SCSI Index = 1000 on 15th April 1989					
Changes in Indices	SCSI Index	FTSE 100	FTSE IT Index	FTSE AIM Index	FTSE Small Cap
Month (31/3/98 - 30/4/98)	+1.29%	-0.07%	-1.61%	+1.98%	+0.62%
From 15th Apr 89	+336.39%	+188.68%			
From 1st Jan 90	+374.29%	+150.99%			
From 1st Jan 91	+516.48%	+174.41%			
From 1st Jan 92	+317.65%	+137.79%			
From 1st Jan 93	+173.84%	+108.27%			+90.71%
From 1st Jan 94	+161.38%	+73.42%			+41.59%
From 1st Jan 95	+191.09%	+93.39%			+51.50%
From 1st Jan 96	+93.22%	+60.69%		13.29%	+36.28%
From 1st Jan 97	+62.99%	+43.94%		10.65%	+21.20%
From 1st Jan 98	+43.78%	+15.44%	45.12%	8.88%	+14.38%

System House SCSI Share Prices and Capitalisation

	FTSE IT Index?	Share Price 30/4/98 (£p)	Capitalisation 30/4/98 (£m)	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 30/4/98	Share price % move since 31/3/98	Share price % move in 1998	Capitalisation move (£m) since 31/3/98	Capitalisation move (£m) in 1998
Admiral	Yes	£10.93	£688.95m	61.4	5.88	39486.79	16.53%	52.05%	£97.75m	£234.80m
AFA Systems		£0.93	£11.10m	Loss	49.12	770.83	0.00%	-13.95%	£0.00m	£1.80m
AIT Group		£2.59	£53.05m	41.5	4.97	1726.67	-3.72%	51.91%	£2.05m	£18.47m
Anite Group	Yes	£0.68	£170.30m	Loss	0.88	397.66	-1.45%	44.68%	£2.50m	£58.64m
Azian Group	Yes	£0.51	£56.78m	Loss	0.19	219.57	-9.01%	-9.11%	£5.62m	£2.36m
Cadcentre Group		£2.54	£42.46m	25.3	2.45	1270.00	-34.87%	-21.85%	£22.74m	£11.46m
Capita Group		£5.03	£966.77m	78.0	5.59	45270.27	11.79%	36.18%	£101.97m	£260.09m
Cedardata		£1.68	£55.32m	46.5	5.34	1595.24	-9.46%	59.52%	£5.78m	£22.03m
CFS Group		£1.40	£10.21m	19.5	1.49	1550.00	-2.79%	33.49%	£0.29m	£2.47m
Chemical Design Holdings		£0.95	£6.87m	Loss	3.64	863.64	-9.52%	-5.00%	£0.72m	£0.27m
Clinical Computing		£0.63	£14.73m	Loss	4.87	504.03	11.61%	47.06%	£1.53m	£4.06m
CMG	Yes	£26.68	£1,670.35m	69.1	5.51	9198.28	1.23%	74.92%	£20.35m	£692.86m
Coda Group		£1.85	£51.51m	Loss	1.25	785.11	-5.14%	23.00%	£2.79m	£9.70m
Compel Group	Yes	£4.23	£120.74m	23.3	1.08	3380.00	5.36%	38.52%	£6.14m	£33.51m
Comino		£1.53	£20.24m	12.9	2.60	1173.08	-5.86%	24.49%	£1.26m	£5.44m
CRT Group		£4.39	£632.68m	61.1	4.71	4877.78	-3.30%	23.66%	£21.62m	£124.30m
DCS Group		£5.10	£114.44m	34.2	1.91	8500.00	2.00%	58.14%	£2.24m	£43.48m
Delcam		£1.25	£7.37m	17.0	0.54	480.77	-14.68%	-24.24%	£1.27m	£2.33m
Delphi Group	Yes	£7.46	£217.01m	26.2	0.78	3069.96	-2.99%	11.34%	£6.69m	£22.71m
Diagonal	Yes	£9.78	£194.85m	74.4	4.35	3554.55	7.71%	39.15%	£13.95m	£64.85m
Dialog Corporation		£1.77	£261.11m	Loss	5.67	1604.55	5.37%	17.67%	£13.31m	£36.28m
Division Group		£0.48	£21.92m	Loss	3.28	1200.00	-20.00%	24.68%	£5.48m	£5.02m
DRS Data & Research		£0.15	£5.19m	Loss	0.77	136.36	-9.09%	-31.82%	£0.52m	£2.34m
Druid Group	Yes	£9.98	£226.07m	63.6	10.25	3627.27	18.61%	50.57%	£35.47m	£74.35m
Electronic Data Processing		£0.69	£17.91m	15.4	1.43	2112.68	5.34%	26.61%	£0.91m	£3.67m
Eidos	Yes	£9.48	£164.59m	43.0	2.18	9475.00	-11.66%	41.42%	£21.71m	£51.35m
FI Group	Yes	£13.45	£437.27m	74.6	4.43	5723.40	2.48%	44.24%	£10.57m	£136.97m
Flomerics Group		£1.05	£2.85m	350.0	0.49	807.69	-8.70%	-12.50%	£0.27m	£0.27m
Gresham Computing		£0.71	£20.39m	43.4	2.35	763.44	1.43%	208.70%	£0.29m	£12.87m
Guardian IT		£4.55	£232.90m	79.6	10.11	1784.31	5.81%	78.43%	£12.80m	£102.40m
Harvey Nash Group		£4.40	£130.06m	33.1	2.33	2514.29	2.09%	30.56%	£2.66m	£36.11m
Highams Systems Services		£1.30	£21.60m	29.5	1.32	3611.11	-2.26%	66.67%	£0.50m	£7.78m
Illion Group		£1.97	£48.05m	13.0	0.24	1228.13	23.20%	54.12%	£9.05m	£16.03m
Intelligent Environments		£0.50	£12.87m	Loss	2.90	531.91	-0.99%	104.08%	£0.13m	£7.11m
IS Solutions		£2.63	£12.64m	n/a	1.44	1958.96	1.94%	80.41%	£0.24m	£5.66m
JBA Holdings	Yes	£5.50	£205.12m	51.5	0.93	3437.50	-9.24%	-46.52%	£20.88m	£171.34m
Kalamazoo Computer		£0.44	£17.93m	6.4	0.23	1242.86	-12.12%	-37.41%	£2.47m	£11.87m
Keill Systems	Yes	£8.93	£114.39m	21.4	2.77	3527.67	21.43%	56.58%	£20.19m	£40.83m
Logica	Yes	£15.78	£1,144.72m	45.3	3.38	4321.92	-3.07%	36.29%	£36.28m	£298.62m
London Bridge Software	Yes	£9.95	£321.42m	99.2	28.39	4975.00	0.76%	95.67%	£2.42m	£173.94m
Lorien		£7.86	£144.21m	48.9	1.23	7860.00	3.08%	55.64%	£4.31m	£57.83m
Lynx Holdings	Yes	£1.96	£204.96m	28.7	1.70	4900.00	5.38%	62.66%	£10.46m	£80.68m
M-R Group		£1.28	£74.69m	16.9	1.89	505.95	-9.25%	13.33%	£7.61m	£11.93m
Macro 4	Yes	£4.90	£96.56m	14.1	4.12	1975.81	30.67%	44.12%	£22.66m	£29.56m
MDIS Group	Yes	£0.74	£157.30m	336.4	1.35	284.62	0.00%	57.45%	£0.00m	£58.79m
Micro Focus	Yes	£5.53	£443.66m	40.7	4.57	2668.46	-2.64%	38.47%	£12.04m	£72.77m
Microgen Holdings		£1.26	£49.69m	16.7	0.75	536.32	68.46%	79.29%	£20.19m	£21.97m
Microvitec		£0.09	£8.07m	44.0	0.12	225.61	2.78%	47.14%	£0.22m	£5.69m
Misys	Yes	£28.75	£3,259.94m	48.1	10.02	7151.74	-3.52%	57.10%	£119.06m	£1,216.74m
MMT Computing	Yes	£10.88	£127.44m	36.6	5.17	6473.21	13.28%	29.54%	£14.94m	£27.58m
Mondas		£0.78	£4.73m	Loss	82.90	1033.33	-6.06%	11.51%	£0.30m	£0.49m
Moorepay Group		£2.88	£31.03m	32.5	5.87	4851.85	-17.27%	1.77%	£6.47m	£0.47m
MSB International	Yes	£9.70	£193.65m	55.1	1.50	5105.26	17.58%	55.20%	£28.95m	£66.21m
NSB Retail Systems		£3.08	£30.16m	48.1	9.18	2678.26	16.45%	60.84%	£4.26m	£11.59m
Oxford Molecular		£1.89	£125.63m	Loss	8.03	2356.25	-2.08%	-21.46%	£2.67m	£47.83m
Parity	Yes	£7.79	£384.77m	37.3	1.90	43277.62	-1.39%	-22.48%	£5.43m	£71.27m
Pegasus Group		£3.65	£26.10m	12.4	2.10	994.55	29.20%	40.38%	£5.90m	£7.93m
PhoneLink		£0.37	£18.04m	Loss	4.18	235.48	-14.12%	-33.03%	£2.96m	£8.22m
Proteus International		£0.54	£31.23m	Loss	54.51	642.86	-22.30%	22.73%	£8.97m	£6.78m
Quality Software Products		£4.83	£71.65m	23.9	2.56	1269.74	-8.96%	119.32%	£7.05m	£41.69m
Radius		£0.44	£12.45m	15.0	0.45	318.84	7.32%	25.71%	£0.85m	£2.65m
Rage Software		£0.14	£37.18m	Loss	5.50	528.85	19.57%	223.53%	£6.08m	£26.78m
Real Time Control		£4.98	£33.62m	17.2	2.68	10153.06	12.43%	54.98%	£3.72m	£11.19m
Rebus Group	Yes	£1.09	£103.24m	23.9	1.55	1238.64	4.81%	37.97%	£4.74m	£30.14m
Recognition Systems		£0.17	£6.25m	Loss	8.11	239.29	-9.46%	-22.09%	£0.65m	£1.67m
Riva Group		£0.83	£29.70m	19.9	0.42	589.89	29.69%	97.62%	£6.80m	£16.73m
RM	Yes	£13.25	£241.14m	42.3	2.19	7571.43	14.72%	66.14%	£30.94m	£99.18m
Rofe & Nolan		£3.50	£46.81m	58.6	2.31	4166.67	-28.21%	2.19%	£18.39m	£1.26m
Romtec		£1.06	£5.48m	22.6	1.16	1688.00	0.96%	0.96%	£0.05m	£0.05m
Royalblue Group	Yes	£3.15	£87.36m	42.4	4.23	1852.94	5.00%	-8.03%	£0.04m	£0.04m
Sage Group	Yes	£12.55	£1,425.09m	53.4	9.37	48269.23	-8.06%	51.20%	£124.91m	£527.84m
Sanderson Group		£1.35	£61.06m	12.7	0.91	2297.87	-4.59%	82.43%	£2.94m	£27.07m
SBS Group		£2.98	£25.62m	29.9	1.35	2975.00	-9.16%	70.00%	£2.58m	£13.25m
Science Systems		£2.03	£34.76m	29.8	1.87	1569.77	-0.98%	22.36%	£0.34m	£6.66m
Sema Group	Yes	£21.63	£2,507.80m	55.2	2.22	6801.89	-8.54%	45.90%	£234.20m	£803.07m
Sherwood International		£8.55	£76.07m	36.0	2.53	7125.00	-1.72%	61.32%	£1.33m	£30.47m
Skillsgroup	Yes	£2.72	£224.21m	Loss	0.59	1217.49	6.26%	48.77%	£13.21m	£75.90m
Spargo Consulting		£2.68	£32.95m	29.0	3.46	2815.79	0.75%	77.74%	£0.25m	£14.12m
Staffware		£6.08	£76.63m	56.4	4.36	2700.00	38.07%	71.85%	£21.13m	£33.85m
Superscape VR		£1.46	£13.37m	Loss	4.30	737.37	-9.03%	35.81%	£1.33m	£3.90m
Systems Integrated		£0.07	£0.94m	Loss	0.75	60.87	-12.50%	-22.22%	£0.13m	£0.27m
Tetra		£2.35	£59.19m	53.4	2.65	1468.75	-8.38%	33.52%	£5.41m	£14.98m
Total Systems		£1.12	£10.74m	24.2	3.27	2113.21	-28.89%	50.34%	£4.36m	£3.21m
Trace Computers		£0.94	£13.81m	24.6	0.80	748.00	-4.10%	42.75%	£0.59m	£4.38m
Triad Group		£5.93	£152.01m	51.3	8.07	4388.89	20.55%	99.16%	£25.91m	£77.01m
Vega Group		£3.38	£52.36m	30.8	2.91	2766.39	2.27%	48.35%	£1.16m	£17.28m
Workplace Technologies		£2.63	£76.02m	42.5	1.15	1500.00	-2.42%	34.96%	£1.88m	£19.83m
Xavier Computer Group		£0.10	£6.00m	8.8	0.67	1000.00	25.00%	28.62%	£1.20m	£1.34m
Zergo Holdings		£2.60	£23.00m	76.5	2.21	2666.67	0.00%	19.54%	£0.00m	£2.97m

Note: CSI 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 CSI 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.

Computacenter

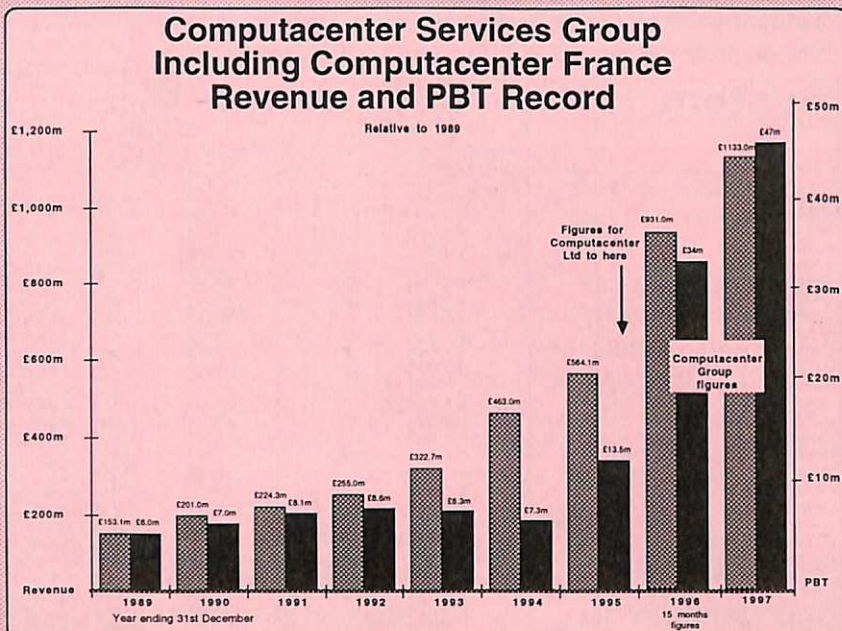
Computacenter announced its long awaited proposed float last month which is due to take place in May. We expect the capitalisation will be c£850/£950m, making it the largest IT float ever. But unfortunately it will be effectively a placing with institutions with no private investor retail offering. No doubt the value will rise shortly after the flotation to join that select group of UK IT companies with a value over £1 billion. This will make the founders - Peter Ogden and Philip Hulme - very rich men indeed as their shareholdings (26% each) should be worth at least c£235m each. Staff will also do well as they own another 18% of the company's shares - about a dozen will become millionaires overnight with 3,300 staff making a "windfall" gain of an average of £600 when £2m free shares are distributed to them. The rest of the shares are owned by VCs including Apax and Foreign & Colonial. They bought in in Oct. 95 in a complex financing operation which, at the time, put a value of c£110m on the group.

The company is the number one dealer (by sales of PCs and related products and services) not only in the UK, but also in the whole of Europe. They claim 51 out of the FTSE100 companies as clients.

The latest group accounts for the year ending 31st Dec. 97 show revenue well up at £1.13b (previous 15 months revenue was £931m) and a PBT of £47m (£34m previous 15 months). UK revenues also topped £1 billion with the another £100m coming from France, Germany and Holland. Indeed in Jun. 97, Computacenter acquired German dealer Bitservice, for £1.4m adding cDM30m in revenues.

These were excellent results and produced a relatively high profit margin of 4.2%. We expect that margins have been considerably helped by their move into being more services oriented. We now estimate SCSI revenues to be well in excess of £150m - in fact most of the new 850 jobs created at Computacenter were in their service divisions. Indeed, Computacenter has been very successful in winning systems implementation contracts in the desktop arena and must certainly rank as serious competition to the likes of IBM, Digital and even Cap Gemini. For example, in Jun. 97 they won a major £8m contract with the Foreign Office to modernise IT systems in 70 embassies around the world.

We confidently expect the float will be a major success. The only cloud is the Compaq/Digital merger. Computacenter is Compaq's largest reseller in the UK - by far. The *raison d'être* of them buying Digital is to enable them to provide the kind of all embracing service that makes Computacenter so attractive.



ITnet

ITnet announced its intention to float "in early summer 1998". This, we have later learnt, actually means May!

ITnet was formed in 1987 from the IT division of Cadbury Schweppes. In Nov. 95 it was the subject of a 3i. backed MBO which valued them at £37.1m. At the time that looked like a mighty high valuation! ITnet is now amongst the leading outsourcing companies in the UK - particularly in the public sector/local authority arena. Further to our report last month, we now have the full R&A for the year to 31st Dec. 97 which shows revenues up 19% at £81.7m, operating profits up 24% at £6.3m and PBT up 23% at £6.8m. Indeed ITnet not only generated net interest of £523K and strengthened net assets by over £2m to £10.5m, but they also repaid all mezzanine and bank debt "well in advance of the due dates". Application Management (up 40% in 1997) and BPO (where ITnet claims a 52% share of the local authority payroll admin. market) were the real stars.

On current IT services valuations, ITnet should be able to command a market capitalisation of up to £150m - providing a very tidy return indeed to management (25%), the 80% of staff who hold shares via the Employee Benefit Trust (25%) and, of course 3i. (37.5%) and Cadbury Schweppes who retained a 12.5% holding. We cannot hide our affection for ITnet. We have worked closely with them for years on the ITnet Outsourcing Index. We would like to think of MD Bridget Blow (ex of FI Group, by the way) and Marketing Director Claire Forrest as friends by now.

ITnet is a *quality* company. Although we warmly wish them well, we somehow suspect they will not need too much help from us for the float to be a major success. Dresdner Kleinwort Benson are the sponsors and stockbrokers.

ICM

ICM Computer Group has announced its intention to seek a full listing on the London Stock Market shortly. Henry Cooke Corporate Finance in Leeds is acting as sponsor.

ICM were established in 1986 and offer a range of services and solutions to clients ranging from multinationals to small office and home users.

ICM have a good trading record and in the last full year accounts to 30th Jun. 97 declared a PBT of £736K on revenue of £28.8m (PBT would have been much higher but for losses of £1m on discontinued ops). In the eight months to 28th Feb. 98, they had revenues of £23m and PBT £1.4m (after further £725K losses on discontinued ops).

We will keep you advised when we have more details.

IT services helps Riva Group back to profits

Founded in 1979, **Riva** had made good progress until the ill-fated acquisition of Hugin Sweda in 1989. A new management team was installed in 1994 and since then recovery commenced.

Riva supplies software and systems to retailers. Indeed it claims to be "Europe's leading in-store software and systems specialist". It has an installed base of over 100,000 EPoS terminals throughout Europe. Customers include Harrods and Coral Racing.

Sensibly Riva decided to "refocus on software and services" although its hardware business "remains a key component" of its activities. Software and services now represent around 50% of Riva's revenues and has undoubtedly contributed to a return to profits in the last two years.

"1997 saw the first tangible benefits of the corporate turn around initiated in 1994". You cannot argue with that.

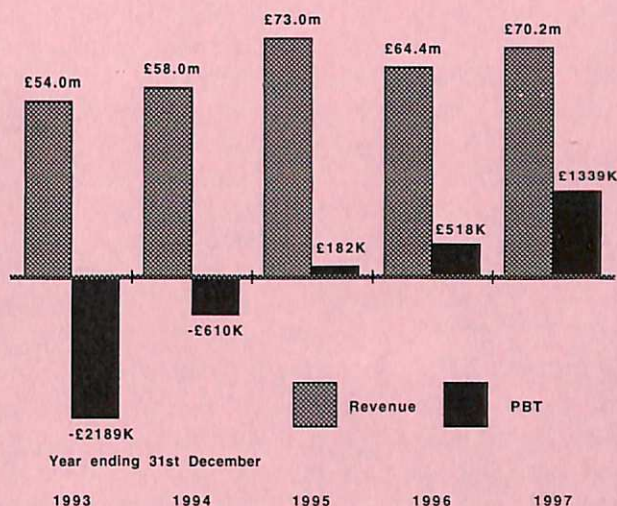
Although revenues increased by only 9% to £70.2m, this was much to do with the switch from hardware to software. Indeed "underlying software revenues increased by 37% in 1997. Service and support revenues grew by just 2%, with a continuing switch from hardware maintenance to response centre activities including hot line, help desk and customer support". Even so, hardware revenues were up 21%.

PBT increased by nearly 160% to £1.34m and EPS was up 122% at 2.0p.

"Riva has become sustainably profitable and, despite increased investment in software development, we expect 1998 to be a year of further progress". An operating margin target of 7% has been set for 2000.

We know that Riva were a little aggrieved at not being included in the IT Index or subsector. With 50%+ of revenues from software and services, such inclusion seems justified. In any event, at 83p and a P/E of just 20, Riva still looks somewhat undervalued.

Riva Group plc
Five Year Revenue and PBT Record



Torex now a SCSI company

Torex used to be mainly a tool and hire services company. However, all of these and other related activities were sold at the end of 1997 to **Jewsons** for a gross consideration of £10m resulting in a pretax gain of £4.6m. In addition Jewsons' parent company, **Meyer International** has signed a separate agreement with Torex worth £1.75m to supply computer services and equipment. Torex's previous SCSI acquisitions include the **BIT Group** (Windows and Oracle based retail solutions), **Ambridge Medical Systems** (clinical and administrative systems for GPs), **Warwick BePoS Group** (software and hardware distribution) and, more recently, **Alcotech Computers**. The disparate retail and medical businesses have since been integrated into **Torex Retail** and **Torex Medical**. So we can now consider Torex to be a true SCSI company.

In Mar. 98 Torex won two contracts worth a total of £4.8m from **Argos plc**. The contracts are to implement a new stock checking facility and to support the 1998 Argos store-opening programme into the Netherlands. But quite how this will be affected by **GUS'** successful bid for Argos is so far unclear.

Turnover before disposals increased 93% to £21m (1996: £10.9m) in the year to 31st Dec. 97 but this includes £8.7m from businesses acquired during 1997. Turnover from continuing operations rose a more modest but still creditable 31% to £6.2m (1996: £4.7m). PBT before disposals rose 80% to £2.7m (1996: £1.5m) excluding the exceptional gain of £4.6m resulting from the sale of the hire business to Jewsons. EPS before exceptional gain surged 40% to 6p (1996: 4.3p). Both Retail and Medical divisions showed strong performance and Torex "ended 1997 with an upturn in demand".

The massive transformation of Torex to a solely IT software and services business is now complete and Torex is now ready to go forward "from a position of financial stability and with favourable prospects". Torex goes into 1998 as a £15m turnover SCSI company and their future looks bright.

Torex ended April 98 down 5% at 100p.

SunGard bid for Rolfe & Nolan lapses

In Feb. 98 US software and services company, **SunGard Data Systems Inc.** bid to acquire **Rolfe & Nolan**. The deal valued R&N shares at 525p and the company at £71.2m. But as the SunGard share price subsequently rose and hit a high of over 630p the new valuation rose to over £85m. This was a hefty premium to the 360p at which R&N had closed the night before the bid announcement.

But it was not to be. This month it was announced that the SunGard bid had lapsed with only 53% acceptances. But it was the clients (both of SunGard and R&N) who scuppered the deal. The banks were worried that the lack of competition would force up prices.

To say that this was "a substantial disappointment" is an understatement. R&N had been forced to issue a profits warning only a few days before the bid lapsed. As costs for Lighthouse mounted, sales had not been made. To add to their woes, R&N's well respected Finance Director has now left. Despite the obvious words of "confidence" coming from the R&N board, exactly what kind of future they face as an independent company is uncertain.

R&N shares fell sharply on the news to end Apr. 98 on 350p - down 28%.

Hello Ultima Networks

It's been an horrendous few years at **Microvitec** - as we reported last month. The Displays division was sold and a rescue plan put together by Ali Hussain. He has now joined the board and changed the company name to **Ultima Networks**.

People

Paul Heaven resigned as CEO from **Kalamazoo** last year after all their problems. Kalamazoo have just announced his replacement. Malcolm Roberts will become CEO with effect from 1st June.

661 former British Steel staff have now officially joined **Cap Gemini** as a direct result of the £400m strategic partnership agreed last November. This brings the number from BS to nearly 1,000 as around another 300 joined last year.

Many readers will know Brian Beverley from his Mentor/Misys days. He then bought into Channel Islands-based **CSL** before selling it in 1996 to **Xavier** for £3.5m. This month it was announced that Beverley had increased his stake in AIM-quoted Xavier to 19.2% and become a NED.

News that **Micro Focus'** CEO, Martin Waters, was undergoing heart bypass surgery caused a share dive. Micro Focus, however put out a statement saying that they were confident of meeting current expectations and that Waters would be returning to active duties in early May. *Is this wise we ask?*

European SCSI stocks prosper too

The quite staggering share price performance of SCSI companies on the London Stock Exchange has been more than mirrored by superb performances throughout Europe. Baan and Tieto have seen a five-fold increase in their share price since Jan. 96 with Cap Gemini, SAP and WM Data all up over three-fold.

Indeed, according to research from **Broadview Associates**, the Top Ten SCSI companies in Europe (which additionally include CMG, Logica, Misys, Sema and Sage) have on average quadrupled their share price in the period. The equivalent Top Ten in the US were "only" up two and a half times. Broadview's MD Victor Basta said "historically European IT stocks tended to trade at a discount to the US... Today we are seeing that trend reversed".

Research from **Goldman Sachs**, where we addressed their European IT Services Conference earlier in April, describes the bull market throughout Europe as "Beyond the Wildest of Dreams". However, they caution (as we do) that "we have seen most of the near-term potential in these stocks" and suggests investors look instead to the "Small Cap Second String".

Consolidation and the ISPs

Readers will know that we have long predicted the demise of the small Internet Service Provider (ISP). There is no way that the UK can support its current tally of over 250. Very soon it will just be the large telecomms players - like BT - which will dominate the market.

This month has seen further consolidation with the UK's largest ISP (**Demon**) being sold to **Scottish Telecom** (part of Scottish Power) for £66m cash. **Easynet** is also rumoured to make an all share offer for AIM-quoted **Internet Technology** (which runs Global Internet).

We have already seen AOL acquiring Compuserve, QWest Communications acquiring EUNet at the end of Mar. 98 for \$154m and UUNet (since itself acquired by Worldcom) acquiring Pipex.

Anyway, Easynet's CEO David Rowe said "We intend to be survivors in the marketplace, we talk to everyone and we want to take over everyone if the price is right..." Source - AFX News 20th Apr. 98.

5.30 pm Thursday 16th
July 1998
Make note to
attend
Richard
Holway's
CSSA
Presentation and Dinner
at London Mayfair
Intercontinental

Last year around 300 of the very top CEOs from our industry attended Richard Holway's annual presentation on the financial state of the industry on behalf of the CSSA. It is considered by many to have been the best "networking event" of the year. So please make a note of this year's date - Thursday 16th July. Starting at 5.30 pm the evening this year, at the Mayfair InterContinental Hotel, London W1 includes drinks and a special dinner.

A free place will be awarded to all 1998 Holway Report customers who purchase before that date. Normal price from the CSSA (Tel: 0171 395 6700) is £145.00 + VAT for CSSA members and £195.00 + VAT for non members.

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