

System House

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E-nd of e-

YEAR IN REVIEW

2000 has been the most incredible year. The changes in just twelve short months outdo anything we have witnessed in the previous 30 years. We are sure that every other "end of year" review will retell the technology boom and bust story. The graph of the highs and lows for our indices is just one part of the tale as many individual stocks fared much worse (see p12).

Indeed, many of dot.com high flyers of early 2000 are now not around any more. But we won't dwell on this.

We also won't dwell overly on the "We told you so" narrative - except that we did! *System House* headlines this year included "Emperor's New Clothes" (Jan. 00), "dot.con" (Mar 00), "Profit growth dives" (May 00), "SCS growth slumps" (June 00) and even "SCS

Indices have further to fall" (Nov. 00). They were quite remarkably prophetic - particularly given the amount of flack that each such pronouncement created at the time!

Rather than looking backwards we would like to look forward to 2001 and beyond. Because, **if you think the worst is over...think on.**

E-nd of e-

A year back, every company clamoured to add the dot.com suffix. That's now a liability. *Mark our words.* The e-prefix will be equally out of fashion in a year from now.

E-nd of the Internet craze

In 1996 a *System House* headline warned "Ignore the Internet at your peril". But the internet now must be seen as just another method of interfacing with your customers. And an interface is just that - it assumes that you have customers willing to pay for something that you can deliver. Simple - except for the hordes of dot.coms that overlooked what you needed on both sides of the interface!

Mortar must win

With Amazon opening bookshops and Egg high street branches, it is now unarguable that to succeed you must have a presence in the mortar as well as in the clicks world. Both is great. But if you have to choose one, **choose mortar.**

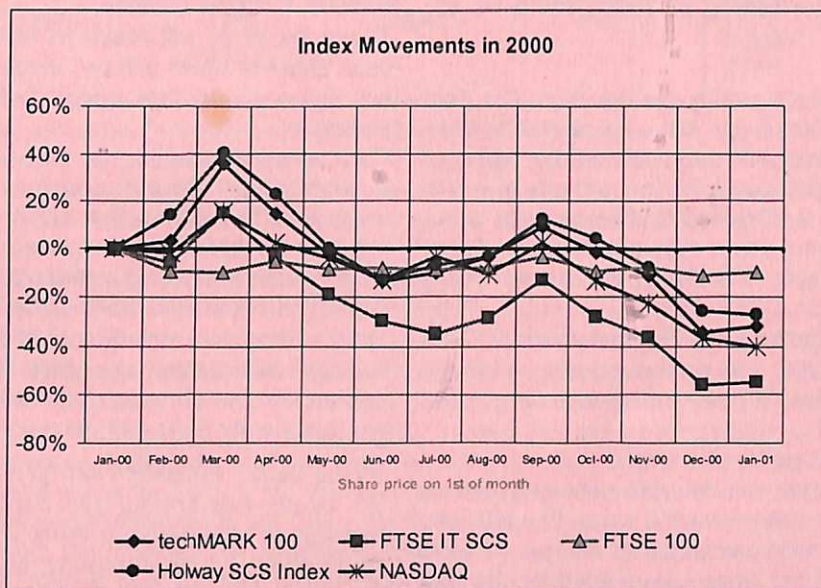
Unbelievable growth rates are...unbelievable

There will be an e-nd to the illusion that you can grow at 50+% compound to 2015; the "justification" for many of the valuations in early 2000. From Freeserve through to Amazon, previously bullish analysts are now predicting modest 'low teen' growth rates. *Why did anyone believe the hype in the first place?*

The importance of core competencies

The last half of 2000 saw the demise of many of the new-style e-consultancies. Even if they didn't die, their share

prices have slumped dramatically - most by over 90% from their 2000 high (see p12). Sure they might be able to design animated websites - but they couldn't hold a candle to the established IT services companies and management consultancies when it came to project management, technical skills etc. The "We build complete systems" is a much more



respected tag line than "We build wizzo web sites". Hence our belief that "real" IT services companies should/will distance themselves from the e-tag.

Who needs management?

It really is rather easy to run a business when demand far outstrips supply. We remember the early 1980s for IBM PC dealers who thought they didn't need even accounting systems when there were queues of customers at the doors of the store or the myriad of ITSAs counting the dosh in 1997. Cap Gemini E&Y's CEO Geoff Unwin described making money in 1998 as "shooting fish in a barrel". (We apologize to ICL for our comments on BBC Radio this month that ICL couldn't even manage that...)

A massive growth slowdown has not been seen in our industry since 1990/91. So few 30-somethings have any experience of dealing with the phenomenon. Try selecting which 50% of your workforce will lose their jobs. Try motivating your key staff when their stock options are so underwater that they will never breathe again.

Earnings growth in negative territory in 2001

Revenue growth for the UK SCS sector will be lucky to make it to double figures in 2001. And H1 is likely to record almost no growth at all. In our industry, lower revenue growth is always accompanied by plunging profits. We fully expect

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earnings growth to continue in negative territory in 2001. Fortunately many SCS companies have already given the warnings...*some have not*. So we still await the 2000 reporting season with trepidation.

Return of the profit centre

Times of high growth created the "central resource centre with customer facing units" organisation. How many times in the mid 1990s were we taken through that new management paradigm? But Profits (and Cash) will be King again shortly and there is no better corporate structure to achieve both than a string of profit centres, all with just one manager apiece, responsible for their own sales and production. ICL has already sensibly returned to that model...many others will follow. Good sound profit centre managers will once again be in demand.

Bottom fishing?

CNBC has gone bottom fishing every night as it watched the NASDAQ fall from over 5000 to just close the year at 2471. In the UK SCS sector, average P/Es end the year on 62.4. Sure that's half the end Dec. 99 figure. But it is still unjustifiably high compared with short to medium term earnings projections. A further fall of 20%+, which we believe is likely in Q1/Q2 2001, should find the bottom. On NASDAQ, "start bottom fishing at 2000" would be our message.

Dog eat Dog?

We have long predicted the "Big eat the Big". The Cap Gemini E&Y acquisition tended to prove the point. The other attempted "big meals" like HP and PwC will be repeated and consummated. But some of the big players are themselves vulnerable - EDS and CSC especially so. In Europe, Sema's problems could cause "restructuring" and some of the weaker players like ITNET are, as we speak, being eyed up.

But that's the bigger boys (or girls). The real action will take place amongst the smaller and weaker players - many of whom will sell up as the only alternative to calling in the receiver.

Slash your wrists and get it over with?

That would be to miss the real fun! We genuinely believe that 2001 will sort the men from the boys. For too long "experience" seemed to have counted for nought. Just like tie wearing, it was just not what was needed for the new economy. 2001 will be the year when those with massive tie collections will be in vogue again.

Party over?

The party ended in 1998. It's just that the hangover never seemed to clear. If you still think that those heady days will return you are kidding yourself and the consequences could be very damaging. IT is now mainstream. The world is heading for a tough time overall and IT will suffer along with the rest this time. IT cannot/will not buck the general economic trend. There is also no all-persuasive technological revolution in the offering. Mobile Internet is several years off and, in our view, is unlikely to create the bonanza many hope.

IT will become much like the retail sector. A big part of the economy where fortunes are affected more by management competence than fashion.

Surely some places are better to be than others?

There are only two places to be - Mega big and global or niche. Being middling is going to be an uncomfortable place. Indeed, the safest place for the next year could well be being small, lean and niche. What you are niche in is probably only of secondary importance.

Gloomy? This is actually the upbeat version of the original front-page we wrote!

UNISYS

We eat, sleep and drink this stuff.

2001 will be a pivotal year

Veteran systems vendor Unisys has announced a raft of initiatives

"to drive the 2001 growth agenda" on the back of a warning that Q4 revenues will be lower than the previous year. However, at constant currency, Q4 revenue is expected to be higher than last year and EPS (before exceptionals) will be "in line with First Call estimates". The "growth initiatives" are based on Unisys exiting low margin commodity businesses through agreements to:

- resell Dell's midrange servers under the Unisys brand. Unisys will become a Preferred Services Provider for Dell worldwide.

- transfer customer procurement of low-end hardware (PC, networking, etc.) via distributor Ingram Micro, initially in the US and later in other countries.

In addition, Unisys has rebranded its UK cheque processing subsidiary UPSL into a "new outsourced payment processing venture" called iPSL. Unisys is a 51% stakeholder, with Barclays and Lloyds bank each owning 24.5%. Unisys reckons iPSL will generate \$1b for the company over the next 10 years.

Finally, Unisys also announced it has engaged an investment bank "to explore strategic alternatives" for its Federal Systems division.

These initiatives will result in some 2000 job losses this year, some of which will be "involuntary". However, Unisys will "aggressively hire people" next year in client-facing positions.

Comment - Much like ICL (see page 7), Unisys is trying to rebrand itself "an e-business solutions company" - and, much like ICL, we think this rather misses the point. Unisys still has a respectable, but now somewhat jaded image, which clearly needs rejuvenating. Sticking an "e" label on doesn't do much - so we are pleased to see some serious 'restructuring' too, including ditching the low-end products business (ICL please take note). Whether this is enough to turn around the ailing once-giant of the industry is hard to say, but clearly 2001 will be a pivotal year.

FI Group - Relationship extended

F.I. Group has announced the signing of a three-year agreement with Barclays Bank valued at £25m. Although good news for the company, the agreement is actually just an extension of the company's existing 10-year relationship with the bank...the real news would have been if F.I. Group had lost Barclays as a customer!

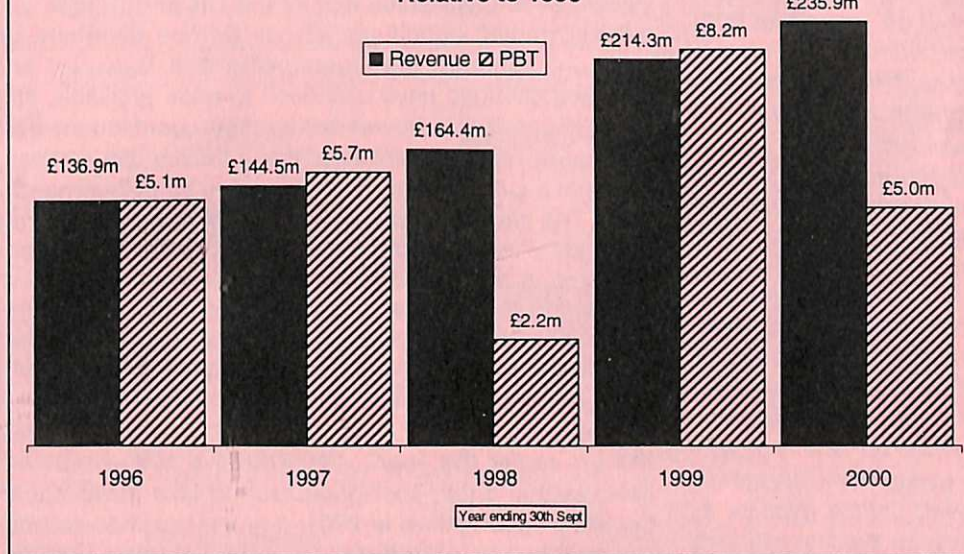
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suffered too, but not quite as badly. Operations in Belgium performed well. Synstar will “stay within its service niche” - i.e. stick to the knitting - and look to cross-sell systems support and business continuity as a ‘business availability’ solution. The emphasis will be on organic growth with “acquisitions as appropriate” – i.e. no loss-makers! As a result, outgoing chief executive Richard Ferre believes that “The company is well placed to come through this turbulent period for the industry in a position of strength.”

Comment – Making a ‘guest’ appearance at Synstar’s analyst briefing was CEO-elect Steve Vaughan, who will join full time from 1st January after he clears his desk at EDS. Meanwhile, it was incumbent CEO Richard Ferre with his usual charming and disarming openness who took us through the story behind the numbers. In a nutshell, project related work dropped off – hence recently integrated Lancare (network integration and support, acquired Sept. 99) didn’t look such a brilliant buy after all – and competition in both the core Computer Services and Business Continuity divisions were put under even tougher competitive pressure (i.e. margins down). Synstar has strong competition both locally and in Europe with both sides of its business – that’s why we like the cross-selling strategy, and of course we support them sticking to the knitting. The potential is there for them to do well but, as always, it will come down to execution, so this is Steve Vaughan’s challenge. He’s not well known in the City – but fortunately non-exec Chairman John Leighfield certainly is - and Ferre was well regarded. Vaughan will not need reminding that Synstar’s share price has been truly hammered – from the ‘inflated’ IPO price of 165p in Mar. 99, they finished the year 79% down at just 48p.

Synstar plc
Five year Revenue and PBT Record
Relative to 1996



ultrasis *Dependence on establishing right sort of partnerships*

ultrasis *interactive healthcare*
Ultrasis has announced preliminary results for the year ending 31st Jul. 00. with turnover of £986K, a decrease of 70% on 1999 when turnover was £2.2m. LBT was £5m, deepening from the £2.3m reported previously and loss per share has deepened from 1.6p to 2.4p. The financial results “reflect a full year of our interactive healthcare business and include six months of our discontinued engineering business, which we sold on 8th Feb. 00. Turnover from interactive healthcare, which has yet to commence significant commercial operations, was £34K (1999 - £23K)”.

Comment - Ultrasis has come a long way since Sam Wauchope, ex-Chief Executive of Acorn Computer Group, was brought in in 1998 to turn round the engineering business, then known as Villiers Group. The new business was built round the acquisition in Apr. 99 of Ultramind Group plc, a company with proprietary technology in ‘Interactive Healthcare’. In Aug. 00 the company also acquired CALM Corporation UK (healthcare diagnostics software) for £4.1m, satisfied by the issue of 15 million new shares. Ultrasis has now disposed of its engineering interests (Feb. 00). The results reflect a turnover of £952K in the discontinued engineering business and just £34K in the interactive healthcare business. Much will depend on establishing the right sort of partnerships in the US, which represents the main market. Shares stand at 11p after a high of 75p in Mar. 00.

FTSE100/TechMARK Reshuffle

The beginning of December saw the reshuffling of companies in and out of the FTSE100 and, as always, those that made it into the Top 100 list got a significant boost to their share prices. However, in the main those being admitted were the old economy companies in the sectors of food production, retail and engineering and not a great number of the tech. stocks...in fact, the only “new economy” entrant was Autonomy. On the way out, it was a different story with Baltimore Technologies, Sema, Bookham Technology and eMap all losing out. There were also some disappointments for internet companies in the techMARK100 as Lastminute.com and QXL.com both lost their places.

Trading Updates this month The GOOD...

Hemscott.net, has announced that its maiden set of interim results for the year to 31st Dec. 00 will be in line with current market expectations.

e-district.net has also said that results for the year ending 31st Dec. 00 will be in line with market expectations driven by an increased demand for advertising sales during the Christmas period.

Sopheon, the "international knowledge management software, services and content group", has issued a summary trading statement for the three months to 30th Sep. 00. Chairman, Barry Mence, commented on the progress and the outlook for the future. "We recognise the challenges that lie ahead for Sopheon as we progress through these rapid stages of development and I firmly believe the Group is well positioned and equipped to meet them. We view the future with confidence and optimism."

SDL has also announced a positive trading update, stating that the results in terms of profitability for the year ending 31st Dec. 00 will be substantially ahead of market forecasts. Commenting on current trading, CE Mark Lancaster, said, "The Board is optimistic on the outlook for the year ahead and remains confident of current market expectations for the financial performance of the company in 2001." Share price at the month end is up 12% to 372p.

Logica has confirmed "continuing strong performance" in a trading statement. At Group level, Logica expects to report continuing good organic growth for the first half with a further improvement in margins. This announcement follows the AGM earlier this year when the company stated that it was confident of delivering superior performance for the year as a whole. The UK, led by energy and utilities, telecoms and finance, is also expected to perform well with improving margins. Logica's share price ended Dec. up 25% to 1750p.

Rod Aldridge at **Capita Group** commented on the "continuing successful growth at Capita" in an announcement released this month. He highlighted that the Year 2000 has seen new records in the company's key outsourcing contracts' sales activity and the increasing stream of smaller opportunities in IT Services, customer services and HR activities that has come about due to investment in strengthening organic growth in all the company's businesses. Aldridge told us that over £700m of new business had been signed this year so in today's climate it really is good to be Boring! Capita's share price ended the month up 16% at 500p.

....and....The BAD

QSP Group has issued a trading update reiterating that market conditions in the IT industry "continue to be difficult" as large projects are being delayed by "companies taking more time to assess the implication of IT solutions upon their fast changing business environments". As a result, the company's turnover and PBT will be below market expectations for the year ending 31st Dec. 00. Group CE, Malachy P. Smith, commented, "Whilst slippage in certain contract closures has been disappointing, the Board is pleased with the progress we have made this year - particularly on the ASP side of our business."

Myratech.net Chairman Nick Hamilton said "As a result of a relatively slow start in expanding our sales team, revenues for the year to 31st Dec. 00 will be somewhat below original expectations. However, our expanded sales team, now 17 strong, is becoming increasingly effective...The main benefits of the recent appointments is likely to be seen in the coming financial year."

Actinic has stated that the company has "experienced a downturn in demand and revenues for the first quarter to

The Bad Continued....

December 2000 will be disappointing. It is too early to predict the outcome for the full year, as this will depend on levels of demand moving forward."

DCS has announced that the tough trading climate has continued in the areas of ERP and general services within Industry Solutions and there has been no general recovery in market demand. The company has also said that its Automotive division has suffered due to a continued slowdown in DMS sales across the UK and Europe and difficult trading conditions across Europe generally. In addition, although the Outsourcing and Transport and Logistics divisions have continued to trade profitably, they have experienced slower contractual commitment from customers. As a result of all these factors, the company does not expect to achieve an operating profit this financial year. The statement can be compared to the results from Lynx also in automotive, and ERP, who reported a decrease in profits in the last financial year.

NetBenefit had warned that the activity in the mass-market for UK domain name registration (DNR) has slowed when it announced its year-end results in June. The company has now stated that "there will not be a near-term return to the exceptionally high levels of mass market DNR seen in the UK earlier this year". On a positive note, NetBenefit believes that it has positioned itself to take advantage of the likely opportunities in 2001, it has maintained its focus on high value-added areas, and believes that the introduction of new domain extensions will stimulate the market. This did not convince the market however and NetBenefit's share price has fallen 6% to 128p.

Intelligent Environments (iE) warned that turnover in the second half of the year is expected to be £4m. Although this is an increase of £1m over the corresponding period last year, it is below current market expectations. The Board expects it to have an effect on the overall trading result for the financial year to 31st Dec. 00. The company does remain "confident in the overall outlook for the Group".

Footnote - You may remember the Holway campaign in the early 1990s warning that the statement "Your board looks forward to the future with confidence" should normally be taken as an indicator to SELL..... We say no more.

ORACLE An intriguing set of results

Oracle turned in a pretty respectable - and somewhat intriguing - set of Q2 results this month. Total revenue for the six months to 30th Nov. 00 rose 14% to \$4.31b, but pre-tax income soared 82% to \$956m. This was mainly due to Oracle managing to reduce operating expenses by 2% overall - including a massive 9% reduction in the cost of services in particular! Yet services revenues grew 8% to \$2.77b (i.e. 64% of total revenue) which is a pretty good trick if you can do it! Application software was the star performer - licence revenue up 57% to \$435m - but Tools got the wooden spoon, with licence revenue down 26% to \$70m. Server software licence revenue grew 24% to \$1.36b. On the services side, support fees grew 23% to \$1.7b but Consulting & Education revenue dropped 7% to \$1.28b (Y2K?). EMEA was the turkey - revenue up just 2% to \$1.4b (currency rates played a part) although we're told that UK was "the hottest country in the region" especially with apps - and especially with HR. Oracle UK has also scored some major contracts in Q2 with Kingston-upon-Hull city council (CRM as in "citizens relationship management" - their words not ours!), and MOD and Sainsbury's (procurement apps). UK generates almost 30% of Oracle's EMEA revenue and up to 10% worldwide.

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Actinic plc					Delcam plc					Kewill Systems plc					
Final - Sep99	Int 9 mos - Jun00	Final - Sep00	Companion	Interim - Jun99	Final - Dec99	Interim - Jun00	Companion	Interim - Sep99	Final - Mar00	Interim - Sep00	Companion	Interim - Sep99	Final - Mar00	Interim - Sep00	Companion
REV £571,000	£1,437,000	£2,048,000	+258.7%	REV £7,677,884	£15,774,254	£8,302,280	-8.1%	REV £23,129,000	£75,245,000	£50,419,000	-118.0%	REV £23,129,000	£75,245,000	£50,419,000	-118.0%
PBT -£775,000	-£2,159,000	-£3,508,000	Loss both	PBT £509,549	£1,042,075	£611,162	+19.9%	PBT £2,336,000	£1,803,000	£1,803,000	-22.8%	PBT £2,336,000	£1,803,000	£1,803,000	-22.8%
FPS -0.86p	-2.25p	-3.41p	Loss both	FPS 7.00p	13.20p	8.10p	+15.7%	FPS 1.30p	1.00p	1.10p	Profit to loss	FPS 1.30p	1.00p	1.10p	Profit to loss
AFA Systems plc					Diagonal plc					Keystone Software plc					
REV £386,000	£1,779,000	£2,172,000	+462.7%	REV £37,141,000	£72,376,000	£37,555,000	+1.9%	REV £2,384,000	£4,799,000	£1,989,000	-16.6%	REV £2,384,000	£4,799,000	£1,989,000	-16.6%
PBT -£716,000	-£581,000	-£420,000	Loss both	PBT £4,358,000	£8,184,000	£1,745,000	-60.9%	PBT £1,700,000	£1,650,000	-£3,173,000	Profit to loss	PBT £1,700,000	£1,650,000	-£3,173,000	Profit to loss
FPS -4.70p	-3.40p	-2.20p	Loss both	FPS 3.65p	7.52p	1.32p	-63.9%	FPS 0.10p	-0.60p	-7.60p	Profit to loss	FPS 0.10p	-0.60p	-7.60p	Profit to loss
AIT Group plc					Easyscreen plc					Knowledge Management Software plc					
REV £9,765,000	£21,693,000	£14,218,000	+45.6%	REV £335,957	£1,056,519	£969,022	+214.5%	REV £713,010	£2,091,986	£2,091,986	Not comparable	REV £713,010	£2,091,986	£2,091,986	Not comparable
PBT £1,530,000	£3,651,000	£2,003,000	+80.9%	PBT £453,525	£3,425,999	-£3,767,777	Loss both	PBT £58,987	£3,078,772	-£3,078,772	Profit to loss	PBT £58,987	£3,078,772	-£3,078,772	Profit to loss
FPS 0.50p	1.81p	0.69p	+80.9%	FPS -1.23p	9.95p	-8.23p	Loss both	FPS 0.35p	5.40p	-5.40p	Profit to loss	FPS 0.35p	5.40p	-5.40p	Profit to loss
Alphameric plc					ECSoft Group plc					Knowledge Support Systems Group plc					
REV £11,161,000	£25,330,000	£22,007,000	+97.2%	REV £34,186,000	£67,304,000	£34,705,000	+1.5%	REV £1,235,699	£1,838,025	£895,739	-27.5%	REV £1,235,699	£1,838,025	£895,739	-27.5%
PBT £1,010,000	£3,050,000	£616,000	-39.0%	PBT £2,840,000	£3,416,000	£447,000	-84.3%	PBT £317,812	£83,497	£425,722	Profit to loss	PBT £317,812	£83,497	£425,722	Profit to loss
FPS 1.20p	3.62p	0.10p	-91.7%	FPS 15.20p	17.30p	-4.10p	Profit to loss	FPS 0.60p	-0.10p	-0.60p	Profit to loss	FPS 0.60p	-0.10p	-0.60p	Profit to loss
Alterian plc					Eidos plc					Logica plc					
REV £374,074	£1,011,140	£606,000	+62.0%	REV £44,060,000	£203,265,000	£40,715,000	-7.6%	REV £559,468,000	£1,381,000,000	£847,400,000	+28.5%	REV £559,468,000	£1,381,000,000	£847,400,000	+28.5%
PBT -£75	£3,905	-£976	Loss both	PBT £37,907,000	£49,275,000	-£82,348,000	Loss both	PBT £58,604,000	£86,100,000	£98,100,000	+67.4%	PBT £58,604,000	£86,100,000	£98,100,000	+67.4%
FPS -0.40p	0.38p	-2.10p	Loss both	FPS -29.20p	22.80p	-72.70p	Loss both	FPS 10.80p	17.50p	17.50p	+62.0%	FPS 10.80p	17.50p	17.50p	+62.0%
Anite Group plc					Electronic Data Processing plc					London Bridge Software Holdings plc					
REV £180,829,000	£23,378,000	£158,976,000	-12.1%	REV £10,492,000	£4,529,000	£8,353,000	+20.4%	REV £19,454,000	£42,165,000	£27,160,000	-59.6%	REV £19,454,000	£42,165,000	£27,160,000	-59.6%
PBT £67,888,000	£7,171,000	£7,171,000	-6.6%	PBT £2,377,000	£1,004,000	£1,115,000	-53.1%	PBT £33,533,000	£7,092,000	£33,340,000	-5.6%	PBT £33,533,000	£7,092,000	£33,340,000	-5.6%
FPS 1.50p	1.30p	1.30p	-13.3%	FPS 6.85p	2.56p	2.73p	-60.1%	FPS 1.30p	3.18p	1.31p	-0.8%	FPS 1.30p	3.18p	1.31p	-0.8%
Autonomy Corporation					Epic Group plc					Lorien plc					
REV £5,456,250	£16,511,000	£16,453,750	+201.6%	REV £1,362,000	£3,084,000	£1,904,000	+39.8%	REV £70,941,000	£138,817,000	£53,188,000	-25.0%	REV £70,941,000	£138,817,000	£53,188,000	-25.0%
PBT £586,875	-£678,000	£3,457,500	Loss to profit	PBT £114,000	£479,000	£216,000	+9.5%	PBT £1,572,000	£1,649,000	-£2,767,000	Profit to loss	PBT £1,572,000	£1,649,000	-£2,767,000	Profit to loss
FPS -0.01p	-2.80p	0.02p	Loss to profit	FPS 0.46p	1.66p	0.85p	+84.8%	FPS -8.00p	-8.50p	-14.10p	Profit to loss	FPS -8.00p	-8.50p	-14.10p	Profit to loss
Axon Group plc					Eurolink Managed Services plc					Lynx Group plc					
REV £11,744,000	£25,376,000	£17,210,000	+46.5%	REV £4,069,000	£7,596,000	£4,027,000	-1.0%	REV £212,541,000	£1,111,018,000	£250,482,000	+17.9%	REV £212,541,000	£1,111,018,000	£250,482,000	+17.9%
PBT £1,686,000	£4,560,000	£2,803,000	+66.3%	PBT £189,000	£340,000	£173,000	-8.5%	PBT £8,269,000	£1,789,000	£6,106,000	-26.2%	PBT £8,269,000	£1,789,000	£6,106,000	-26.2%
FPS 2.20p	5.70p	3.40p	+64.5%	FPS 1.28p	2.19p	1.16p	-9.4%	FPS 4.80p	0.98p	1.98p	-88.8%	FPS 4.80p	0.98p	1.98p	-88.8%
Azlan Group plc					F.I. Group plc					MMT Computing plc					
REV £193,984,000	£410,604,000	£261,744,000	+34.9%	REV £228,353,000	£307,696,000	£307,696,000	+34.7%	REV £41,024,210	£16,800,000	£37,734,000	-8.0%	REV £41,024,210	£16,800,000	£37,734,000	-8.0%
PBT £2,369,000	£9,258,000	£5,374,999	+126.9%	PBT £17,025,000	£17,391,000	£17,391,000	+2.1%	PBT £9,710,952	£2,000,000	£5,976,000	-38.5%	PBT £9,710,952	£2,000,000	£5,976,000	-38.5%
FPS 1.50p	6.10p	3.30p	+306.7%	FPS 5.80p	3.91p	3.26p	32.6%	FPS 52.20p	10.50p	32.20p	-38.3%	FPS 52.20p	10.50p	32.20p	-38.3%
Baltimore Technologies plc					Financial Objects plc					Macro 4 plc					
REV £9,807,000	£23,272,000	£25,704,000	+162.1%	REV £10,690,000	£22,301,000	£8,874,000	-17.0%	REV £31,025,000	£31,324,000	£38,671,000	+42.6%	REV £31,025,000	£31,324,000	£38,671,000	+42.6%
PBT -£15,991,000	-£31,351,000	-£20,659,000	Loss both	PBT £2,649,000	£4,656,000	-£1,573,000	Profit to loss	PBT £10,400,000	£10,611,000	£10,611,000	+2.0%	PBT £10,400,000	£10,611,000	£10,611,000	+2.0%
FPS -5.70p	-10.27p	-5.50p	Loss both	FPS 5.20p	8.87p	-3.33p	Profit to loss	FPS 34.80p	33.20p	33.20p	-4.6%	FPS 34.80p	33.20p	33.20p	-4.6%
Baron Corporation plc					Flomerics Group plc					Manpower Software					
REV £2,384,000	£1,392,585	£3,294,936	Not comparable	REV £3,443,000	£8,713,000	£4,890,000	+42.0%	REV £1,896,518	£1,611,619	£1,611,619	-15.0%	REV £1,896,518	£1,611,619	£1,611,619	-15.0%
PBT £1,775,000	-£127,831	-£489,490	Loss both	PBT £1,449,000	£807,000	£41,000	Loss to Profit	PBT -£1,641,529	-£2,790,867	-£2,790,867	Loss both	PBT -£1,641,529	-£2,790,867	-£2,790,867	Loss both
FPS n/a	-3.70p	-16.00p	Loss both	FPS -5.80p	18.60p	-1.40p	Loss both	FPS -20.86p	-27.73p	-27.73p	Loss both	FPS -20.86p	-27.73p	-27.73p	Loss both
Bond International Software plc					Focus Solutions Group plc					MERANT plc					
REV £4,567,000	£8,457,169	£4,519,000	-1.9%	REV £238,000	£721,000	£828,000	+247.9%	REV £186,104,000	£215,473,000	£227,283,000	+22.1%	REV £186,104,000	£215,473,000	£227,283,000	+22.1%
PBT £327,000	£789,085	£141,000	-56.9%	PBT £504,000	-£1,039,000	-£1,224,000	Loss both	PBT £16,655,000	£11,572,000	£35,369,000	Loss both	PBT £16,655,000	£11,572,000	£35,369,000	Loss both
FPS 1.58p	4.81p	0.55p	-65.2%	FPS -2.70p	-5.60p	-6.20p	Loss both	FPS -16.30p	-14.30p	-24.30p	Loss both	FPS -16.30p	-14.30p	-24.30p	Loss both
Bright Station plc					Freereserve plc					Microgen plc					
REV £87,243,000	£174,452,000	£52,560,000	-39.8%	REV £2,732,000	£19,557,000	£19,557,000	+615.8%	REV £15,472,000	£31,324,000	£13,760,000	-11.1%	REV £15,472,000	£31,324,000	£13,760,000	-11.1%
PBT £1,699,000	-£3,857,000	-£112,020,000	Profit to loss	PBT -£1,511,000	-£22,932,000	-£22,932,000	Loss both	PBT £1,516,000	£1,834,000	-£2,808,000	Profit to loss	PBT £1,516,000	£1,834,000	-£2,808,000	Profit to loss
FPS 0.70p	-3.50p	-70.00p	Profit to loss	FPS -2220.00p	-2220.00p	-2220.00p	Loss both	FPS 2.10p	2.10p	-4.70p	Profit to loss	FPS 2.10p	2.10p	-4.70p	Profit to loss
Business Systems Group Holdings plc					Gresham Computing plc					Misys plc					
REV £17,085,000	£32,386,000	£17,602,000	+3.0%	REV £16,301,000	£30,350,000	£11,206,000	-31.3%	REV £671,100,000	£708,800,000	£708,800,000	+6.6%	REV £671,100,000	£708,800,000	£708,800,000	+6.6%
PBT £459,000	£750,000	£145,000	Profit to loss	PBT £1,483,000	-£684,000	-£2,723,000	Profit to loss	PBT £91,400,000	£133,600,000	£113,600,000	+44.3%	PBT £91,400,000	£133,600,000	£113,600,000	+44.3%
FPS 0.43p	0.6p	0.26p	Profit to loss	FPS 2.35p	-2.23p	-6.66p	Profit to loss	FPS 10.60p	14.70p	14.70p	+28.3%	FPS 10.60p	14.70p	14.70p	+28.3%
Cadcentre Group plc					Guardian IT plc					Mondas plc					
REV £10,932,203	£23,883,000	£12,900,000	+18.0%	REV £19,547,000	£49,245,000	£33,277,000	+69.4%	REV £24,167,000	£1,358,811	£281,263	-97.8%	REV £24,167,000	£1,358,811	£281,263	-97.8%
PBT £1,869,919	£4,338,000	£2,300,000	+23.0%	PBT £3,614,000	£7,048,000	£2,823,000	-21.9%	PBT £390,090	£857,573	£466,426	Loss both	PBT £390,090	£857,573	£466,426	Loss both
FPS 7.92p	17.40p	9.35p	+18.0%	FPS 4.79p	10.90p	5.30p	+10.6%	FPS -3.10p	-6.80p	-3.40p	Loss both	FPS -3.10p	-6.80p	-3.40p	Loss both
Capita Group plc					Harvey Nash Group plc					Morse Holdings plc					
REV £150,000,000	£327,199,000	£208,000,000	+38.7%	REV £71,900,000	£150,998,000	£93,200,000	+29.6%	REV £283,943,000	£506,316,000	£256,316,000	+7.3%	REV £283,943,000	£506,316,000	£256,316,000	+7.3%
PBT £12,600,000	£32,200,000	£13,800,000	+9.5%	PBT £5,326,000	£11,974,000	£5,756,000	+8.1%	PBT £18,853,000	£22,919,000	£22,919,000	+41.6%	PBT £18,853,000	£22,919,000	£22,919,000	+41.6%
FPS 1.32p	3.30p	1.33p	+0.8%	FPS 11.81p	27.64p	12.25p	+3.7%	FPS 22.70p	10.10p	10.10p	-55.5%	FPS 22.70p	10.10p	10.10p	-55.5%
Cedar Group plc					Highams Systems Services Group plc					MSB International plc					
REV £11,688,000	£36,314,000	£23,367,000	+99.9%	REV £14,967,000	£26,863,817	£10,262,000	-31.4%	REV £99,869,000	£184,936,000	£75,040,000	+33.1%	REV £99,869,000	£184,936,000	£75,040,000	+33.1%
PBT £55,000	£4,829,000	-£852,000	Profit to loss	PBT £2,000	-£308,504	-£1,744,000	Profit to loss	PBT £25,000	£4,958,000	£4,185,000	+99.4%	PBT £25,000	£4,958,000	£4,185,000	+9

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Planit Holdings plc				SDL plc				TelMe.com plc			
Interim - Oct 99	Final - Apr 00	Interim - Oct 00	Comparison	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison	Final - Mar 99	Final - Mar 00	Comparison	
REV	£6,041,000	£13,304,000	+61.0%	REV	£5,984,000	£12,960,000	+93.5%	REV	£1,010,000	£13,974,000	+99.5%
PBT	£1,273,000	£2,483,000	+94.2%	PBT	£163,000	£796,000	+390.8%	PBT	£3,381,000	£2,105,000	-37.7%
EPS	1.10p	2.30p	+109.1%	EPS	-0.53p	2.63p	+592.3%	EPS	5.40p	-3.00p	-44.4%
Policy Master Group plc				Sema Group plc				Terence Chapman Group plc			
REV	£7,715,000	£16,730,281	+116.3%	REV	£568,600,000	£1,410,000,000	+246.3%	REV	£30,641,000	£12,220,000	-60.1%
PBT	£500,000	£1,062,587	+112.5%	PBT	£37,900,000	£93,800,000	+244.9%	PBT	£4,464,000	£460,000	-89.7%
EPS	3.50p	6.90p	+97.1%	EPS	5.80p	14.70p	+153.3%	EPS	5.82p	0.52p	-91.1%
PSD Group plc				ServicePower Technologies plc				Torex plc			
REV	£29,568,000	£63,428,000	+114.5%	REV	£1,854,000	£3,760,910	+103.0%	REV	£18,532,000	£46,762,000	+152.4%
PBT	£6,831,000	£11,545,000	+68.9%	PBT	£1,279,000	£2,541,087	+96.3%	PBT	£1,775,000	£4,039,000	+126.8%
EPS	18.90p	44.40p	+134.4%	EPS	-3.22p	6.37p	+96.9%	EPS	3.90p	14.50p	+271.8%
QSP plc				Sherwood International plc				Tornado Group			
REV	£19,961,000	£50,538,000	+153.1%	REV	£22,493,000	£47,186,000	+109.8%	REV	£0	£0	n/a
PBT	£783,000	£4,212,000	+437.8%	PBT	£2,881,000	£7,345,000	+255.1%	PBT	£77,897	£1,919,700	+2335.1%
EPS	-1.11p	5.38p	+583.8%	EPS	4.30p	11.40p	+260.5%	EPS	-	-7.10p	n/a
Quantica plc				Skillsgroup plc				Total Systems plc			
REV	£8,286,000	£18,153,000	+118.8%	REV	£96,400,000	£198,700,000	+106.6%	REV	£1,180,727	£1,958,040	+65.8%
PBT	£1,593,000	£3,224,000	+102.3%	PBT	£6,400,000	£11,400,000	+78.5%	PBT	£128,216	£579,589	+350.1%
EPS	2.64p	5.02p	+89.8%	EPS	6.50p	10.70p	+63.1%	EPS	-0.88p	-3.97p	-78.1%
RM plc				Sopheon plc				Touchstone Group plc			
REV	£162,210,000	£78,074,000	-51.8%	REV	£506,000	£1,510,000	+197.6%	REV	£4,812,000	£10,511,000	+118.4%
PBT	£12,262,000	£1,432,000	-88.3%	PBT	£657,000	£2,072,000	+211.9%	PBT	£678,000	£1,196,000	+75.9%
EPS	9.80p	1.10p	-88.8%	EPS	-3.40p	-10.10p	-194.1%	EPS	4.75p	9.50p	+101.1%
Rage Software plc				Spring Group plc				Trace Computers plc			
REV	£8,845,000	£4,218,000	-52.3%	REV	£403,154,000	£396,106,000	-1.7%	REV	£8,684,000	£17,072,781	+95.8%
PBT	£3,121,000	£2,641,000	-15.7%	PBT	£14,180,000	£6,420,000	-54.4%	PBT	£928,000	£4,367,036	+369.1%
EPS	1.03p	-0.34p	-298.0%	EPS	6.09p	-5.09p	-172.3%	EPS	4.47p	25.94p	+480.2%
RDL Group plc				Staffware plc				Triad Group plc			
REV	£15,692,000	£18,172,000	+15.8%	REV	£11,223,000	£25,262,000	+125.1%	REV	£24,253,000	£48,366,000	+99.4%
PBT	£1,154,000	£1,335,000	+15.7%	PBT	£716,000	£2,993,000	+318.7%	PBT	£903,000	£1,905,000	+110.1%
EPS	6.75p	8.05p	+19.3%	EPS	3.50p	17.20p	+391.4%	EPS	3.36p	5.05p	+50.3%
Recognition Systems Group plc				StatPro Group plc				Ultima Networks plc			
REV	£2,310,000	£3,021,000	+30.8%	REV	£1,772,000	£3,144,000	+77.0%	REV	£6,476,000	£12,541,000	+93.1%
PBT	£1,609,000	£2,258,000	+40.3%	PBT	£360,000	£1,183,000	+227.2%	PBT	£610,000	£783,000	+29.2%
EPS	-2.30p	-2.70p	+17.4%	EPS	-2.50p	-2.88p	+55.2%	EPS	-0.35p	-0.44p	+25.5%
Retail Decisions plc				Superscape VR plc				Ultrasig Group plc			
REV	£5,875,000	£11,937,000	+103.7%	REV	£3,071,000	£7,008,000	+126.6%	REV	£2,520,000	£1,055,000	-58.1%
PBT	£1,166,000	£2,438,000	+108.9%	PBT	£2,765,000	£2,897,000	+4.8%	PBT	£2,316,000	£1,839,000	-20.6%
EPS	0.53p	1.11p	+109.1%	EPS	-2.50p	-16.30p	-84.4%	EPS	-1.60p	-0.90p	+44.4%
RexOnline plc				SurfControl plc (was JSB Software)				Vega Group plc			
REV	£217,000	£558,000	+155.8%	REV	£4,003,000	£8,706,707	+117.5%	REV	£18,531,000	£40,201,000	+114.4%
PBT	£144,000	£326,000	+125.7%	PBT	£1,314,000	£4,871,341	+268.2%	PBT	£1,932,000	£4,843,000	+150.0%
EPS	-4.00p	4.80p	+210.0%	EPS	-12.78p	-70.36p	+450.8%	EPS	7.02p	17.17p	+145.7%
Rolfe & Nolan plc				Synstar plc				VI Group plc			
REV	£10,700,000	£22,856,000	+112.7%	REV	£21,048,000	£119,253,000	+463.6%	REV	£2,201,000	£4,545,000	+106.5%
PBT	£642,000	£1,838,000	+186.4%	PBT	£8,178,000	£5,191,000	-36.1%	PBT	£137,000	£438,000	+216.8%
EPS	3.30p	9.30p	+181.8%	EPS	3.70p	1.70p	-54.1%	EPS	0.37p	1.24p	+235.3%
Royalblue Group plc				Systems Integrated Research plc				Vocalis Group plc			
REV	£17,905,000	£39,693,000	+119.4%	REV	£1,405,000	£1,536,000	+9.3%	REV	£1,318,000	£2,694,000	+104.7%
PBT	£2,744,000	£6,511,000	+138.5%	PBT	£140,000	£215,000	+53.6%	PBT	£1,963,000	£4,507,000	+127.6%
EPS	5.50p	13.10p	+138.2%	EPS	0.71p	1.25p	+76.1%	EPS	-4.84p	-11.57p	-58.0%
Sage Group plc				Systems International Group plc				Wealth Management Software plc			
REV	£307,041,000	£202,528,000	-34.0%	REV	£8,457,000	£17,053,427	+101.6%	REV	£5,829,000	£12,818,000	+118.3%
PBT	£74,313,000	£53,992,000	-27.1%	PBT	£1,093,000	£2,313,053	+110.6%	PBT	£328,000	£1,050,000	+219.5%
EPS	0.35p	2.94p	+734.3%	EPS	2.21p	4.77p	+116.3%	EPS	-1.06p	-0.90p	+17.9%
SBS Group plc				Systems Union plc (was freecom)				XKO Group plc			
REV	£28,300,000	£53,305,000	+86.9%	REV	£287,000	£600,000	+108.0%	REV	£13,485,000	£29,628,000	+119.0%
PBT	£1,400,000	£2,219,000	+58.5%	PBT	£448,000	£1,993,000	+342.2%	PBT	£551,000	£6,263,000	+1028.1%
EPS	9.60p	16.10p	+67.9%	EPS	2.90p	9.80p	+234.5%	EPS	-3.50p	-28.20p	-87.1%
Science Systems plc				Telework				Xpertise Group plc			
REV	£16,615,000	£30,966,000	+84.0%	REV	£8,252,000	£17,363,000	+108.1%	REV	£2,048,000	£3,707,000	+80.6%
PBT	£1,511,000	£2,633,000	+74.6%	PBT	£481,000	£2,705,000	+461.5%	PBT	£172,000	£1,710,000	+895.4%
EPS	6.30p	11.40p	+81.1%	EPS	0.52p	1.04p	+100.0%	EPS	0.45p	-0.84p	-46.7%

ComputerLand Could be quite encouraging

Computerland, once basically a reseller and now describing itself as "a provider of IT services and e-solutions to corporate users", has announced results for the six months ending 31st Oct. 00. Turnover increased 51% to £19.8m and a loss before tax in 1999 of £299K was converted into PBT of £232K with EPS of 1.7p (loss per share of 2.2p in 99). In 1999, the services side had "an excellent performance" and represented 25% of turnover, and this year the company states that, "as our clients develop their e-business capabilities, the demand for 'around the clock' services to support their IT infrastructure is increasing", so it is likely that services will account for a higher proportion of revenue this time around. The interim results are pleasing compared to the disappointing full year results for 1999, so it seems that the decisions, to grow the profitable services area and restructure the company, are beginning to bear fruit.

Comment: We spoke to Computerland exec. Chairman Graham Gilbert who told us that the services side of the business is now up to about one third of the total (it was about 25% last year) - so full marks there! They have invested in new sales & marketing staff on the services side which, given the doldrums the PC hardware business is in, sounds like a good move. They have also formed an alliance with Jungle.com (the old Software Warehouse business now owned by GUS) and joint marketing on Computerland's implementation and support services starts in early January. Obviously Computerland is still 'small fry' compared to the likes of Computacenter, Compel and Specialist Computer Holdings, but they seem to have a stronger mix of services - and their current results are much stronger. So long as they can get the profits growing again, this could be quite encouraging. Computerland's shares stand at 78.5p.

Electronic Data Processing, the IT solutions provider to UK independent builders and timber merchants, has announced results for the year ended 30th Sep. 00. Turnover fell from £10.5m in 1999 to £8.4m in 2000 and PBT also fell, from £2.4m to £1.1m. EPS was down from 6.85p to 2.73p. Chief Executive, Richard J. Jowitt, commented, "The economy has started to slow down but we have been careful to reposition the business in the past two years and implement the infrastructure necessary for us to take advantage of the opportunities as they present themselves. We do expect to see a higher rate of activity in our customer base as certain businesses move into the electronic trading environment." Share price stands at 69p at the end of the month, an increase of 10.4%.



ICL takes stock. Faces reality.

So Richard Christou, ICL's acting CEO since Keith Todd's departure in August, has been confirmed as the CEO. Christou has been with ICL since the Fujitsu takeover in 1990 as the Director of Legal Affairs. We agreed the "ICL takes stock. Faces reality" headline with Christou when he briefed us the night before the public announcement. For the first time in many years we left an ICL briefing without our normal feelings of disbelief verging on annoyance. ICL has abandoned any talk of flotation, put talk of disposals to one side for the time being and are concentrating on just one thing....PROFITS. How are they going to do this? Well, by the old fashioned, and therefore trusted, methods of old.

- **Focus** - They are handing over ICL's North America (as well as Singapore, Hong King, Malaysia and Australia) business to Fujitsu (although KnowledgePool remains with ICL). That's quite a chunk - £140m of ICL's £2.7b revenues and 1,300 staff. The focus now will be Europe.

- **Cost cutting** - 100 senior managers and 650 other staff, incl. 400 contractors, have left since Aug. and further cuts are planned. Over 600,000 sq. ft of office space will go too.

- a return to the **Profit Centre**. Back in the 1970s/80 the most popular way of organising a SCS company was by Profit Centre - where both the sales and production resources were under one roof so you knew there was only one arse to kick. Then the 1990s brought the "one resource centre and lots of 'customer facing' units". Great for growth in a market where demand exceeds supply. Not so good today as "spare" resources can just hang around in the resource centre for months before anyone takes action. Of course you sacrifice "cross selling" with profit centres but ICL's acute problem is a return after all these years to profits and this is as good a way as we know to achieve that. Indeed managers are being rewarded on (hooray) profits and cash-flow (plus a bit for revenue growth.) Now that's really sensible and, in these days of worthless share options, will probably be in fashion again!

The profit centres will be:

- **UK**

- Infrastructure Services under Alex Davidson
- Multivendor Computing (i.e. T plc/PC reseller) under Marie-Anne van Ingen
- Projects and Professional Services under Tim Escudier

- **ICL Invia** (Finland, Sweden, Denmark & Norway) under Henry Ehrstedt

ICL Continued.....

- **e-Innovation & International** under Esa Tilhila

- **Other countries** (much reduced) have one sales force per country - i.e. are also profit centres.

Christou was very frank and realistic. He accepts that he hasn't got all the answers re: the tactics and implementation and the budget for next year (i.e. beginning 1st Apr. 01) has not, as yet, been finalised. But the strategy is clear - and, we agree, is now believable for the first time. Whether you like it or not, ICL *is* a wholly owned division of Japanese Fujitsu. It is *not* an autonomous unit - as ICL had falsely claimed to be for years. Christou seems to be trusted by the Japanese (indeed he comes over as typical of the trusty manager that you imagine the Japanese would like) and is therefore more likely to have a say at the top table than his predecessors. Christou wants ICL to be more outward facing rather than the internal introspection which has cursed ICL for so long.

So, we endorse this plan because it accepts reality. Of course, it will disappoint many as a float, disposals, high growth, acquisitions etc. really are off the agenda for some time. But that's as it should be. **Let's get some real profits at ICL for the first time in many, many years and then perhaps ICL's voice will have some strength again.**

Finally, we did have one major criticism of ICL. It's press release was STILL headed "ICL, the e-business services company". We think that's a big mistake as ICL is far more than just this representation of a mere transient stage in our industry. A year back all business wanted a dot com suffix. Now they all want an e- prefix. **Mark our words, e-will be as outmoded, as much a liability, as dot com within a year.** It's just that as more-and-more IT services business becomes e-related, i.e. ubiquitous, the real strength will be in providing IT services across the whole IT spectrum. ICL is one of the few major players that can do that. Most of the new e-consultancies can't. So why stress the passing fashion bit only? Why not make a virtue out of reality?

IS Solutions - Deferral of Contracts

On 2nd Jan. 00 **IS Solutions** issued a profits warning saying that it has "recently been affected by the deferral of contracts in the markets in which it operates, both in the US and in the UK. The Board cannot at this stage determine whether this contract will be reinstated". PBT for the period to 31st Dec. 00 would be c£600K or 40% less than expected. The shares crashed 40% to 110p on the day.

Glotel. Overseas expansion continues

Glotel, the telecoms and IT staff agency, has announced interim results for the six months to 30th Sep. 00 showing turnover up 20.8% to £81.4m, PBT up 20.6% to £3.5m and EPS up from 5.31p to 5.68p. Commenting on the outlook, Les Clark, Chairman, said: "The second half has started well and we are achieving record levels of business. With our strengthened teams and management we are optimistic for our future".

Comment: Glotel has reported a strong set of results, unlike many of the UK-focused IT staff agencies (ITSAs) that we profiled in our recent annual report on the UK IT Staff Agency Market. Glotel's recipe for success is a combination of established overseas presence (sales in the US are up 28% to £26.4m, and overseas now represent just over half of total revenues and profits), and a focus on the global telecoms market. Its UK IT staffing operation was "hit severely" in the second half of last year, and started the year behind "previous highs", but is reported to be ahead of H2 by 31.7%. Looking at the revenue more closely, total UK revenue grew 12% (not bad compared to many rivals) with the Comms People operation, rather than the IT and accountancy staffing operations, making the difference. Overseas revenues grew an impressive 33% to £35.8m. Profits from the UK businesses slipped below £3m, with overseas operations providing the growth - 15%. Overseas expansion continues with a 12th US office opened during the period, and a presence in Germany as of this month. Glotel also reports that the management team has been strengthened with the appointment of a new MD for the Managed Services business and for Comms People (the main UK subsidiary), and senior appointments in the US. We understand that "new blood" has been brought in from outside the staffing industry - another hint we gave readers, as agencies battle to move up the value chain and into the outsourcing and managed services arena. Following the results, Glotel's share price remains at a 239% premium to their float price of 140p in May 1999! More details in recently published Ovum Holway IT Staff Agency Report.

SCS Index a little healthier in December

After last month's 11% fall in our SCS Index December was relatively stable with an a decrease of just 1.5%. But that still translates into a 27% fall for the year (see p12).

It was the ITSAs and software product companies that contributed to this improvement whilst the system houses and resellers continued to suffer with the average share price for the latter down 7.8% for the month and proving that the bad times are still not over. Despite the overall improvement in the indices, there were still clear winners and losers in the time leading up to the festivities. **Easyscreen**, a provider of electronic trading solutions, was the biggest winner of the month, with a 75% increase in its share price but this did not make up for the fact that it is one of the biggest fallers on the year as a whole - down a massive 82% and a 65% discount off its float price not much more than a year ago. **Surfcontrol** also did particularly well and helped keep its move since the beginning of 2000 in the black at 13%.

On the other side of the coin, **Actinic** and **Nettec** both experienced further falls in their share prices, down 65% and 47% respectively. We were interested to note that **Bright Station** fell another 35% to 24p - a 74% fall in 2000. Even **Sage** (p11) fell another 21% making a massive 60% fall in 2000.

Our Internet Index did not have quite as good a time of it - if you thought the 17.7% fall in November looked bad - the 18.7% drop that followed makes things look even bleaker for the e-economy, as our front page article discusses.

29-Dec-00	SCSI Index						8372.52
	FTSE IT (SCS) Index						1949.01
	techMARK 100						2566.50
	FTSE 100						6222.50
	FTSE AIM						1437.80
	FTSE SmallCap						3183.26
<small>SCSI Index = 1000 on 15th April 1999</small>							
Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap	
Month (01/12/00 to 29/12/00)	-1.46%	+1.31%	+3.96%	+2.48%	-1.60%	-0.55%	
From 15th Apr 89	+737.25%	+203.00%					
From 1st Jan 90	+809.96%	+163.44%					
From 1st Jan 91	+1082.78%	+188.03%					
From 1st Jan 92	+701.31%	+149.59%					
From 1st Jan 93	+425.39%	+118.60%					+129.45%
From 1st Jan 94	+401.47%	+82.03%					+70.35%
From 1st Jan 95	+458.47%	+102.98%					+82.27%
From 1st Jan 96	+270.71%	+68.66%	+225.06%		+50.80%		+63.95%
From 1st Jan 97	+212.70%	+51.09%	+180.48%		+47.30%		+45.81%
From 1st Jan 98	+175.86%	+21.17%	+168.91%	+94.90%	+44.94%		+37.61%
From 1st Jan 99	+112.42%	+5.78%	+76.20%	+34.79%	+79.37%		+53.71%
From 1st Jan 00	-27.01%	-10.21%	-32.12%	-47.58%	-25.61%		+2.76%
End Dec 00	Move since 1st Jan 98	Move since 1st Jan 99	Move since 1st Jan 00	Move in Dec 00			
System Houses	158.6%	67.4%	-34.8%	-4.0%			
IT Staff Agencies	-36.8%	-24.3%	-34.1%	0.9%			
Resellers	13.0%	20.2%	-42.1%	-7.8%			
Software Products	289.1%	232.6%	-20.0%	0.4%			
Holway Internet Index		349.8%	-45.3%	-18.7%			
Holway SCS Index	175.9%	112.5%	-27.0%	-1.5%			

do something
lastminute.com

At least, and at last, the chairman used the p-word!

Lastminute.com has announced results for the year ending 30th Sep. 00 showing turnover up 19-fold to £3.7m on total transaction value of £34.2m, Loss Before Tax deepened almost eightfold to £35.7m and Loss Per Share deepened from 13.51p to 36.35p.

Commenting on the results, Alan Leighton, Chairman, said: "The combination of the financial results for the year and the Degriffour acquisition places Lastminute.com ahead of forecasts made at the time of the company's flotation, helps reduce our risk profile and brings forward the time when we expect Lastminute.com to become cash-flow positive".

Comment - Lastminute.com has got more than its fair share of publicity since it was founded by Brent Hoberman and the ubiquitous Martha Lane Fox in 1998. The company's site was launched in Oct. 98 and there are now versions in France, Germany, Sweden, Italy, Spain, The Netherlands, Australia, New Zealand and South Africa. The big move into Europe came with the acquisition of France's Degriffour Group, for £58.9m in cash and shares, in Aug. 00. In Nov. 00 the company claimed seven million registered subscribers ("registered subscribers are users of Lastminute.com's web site who have submitted their email addresses and other data and have elected to receive Lastminute.com's weekly email"). It's nice that at least the chairman used the p-word in his comments, because the Chief Executive didn't. Brent Hoberman said "We have focused on exactly the strategy we set out at flotation - deepening and widening content; building our customer and revenue base; widening our footprint; deploying new technology; strengthening management; moving towards increasingly personalised service on a mass basis; and reinforcing our brand and marketing strength". Funny old me, and I thought business was there to make money!

Lastminute.com is remarkable for the fact that it still exists at all where many other dot.coms have failed. But in the present climate sticking to the strategy and achieving forecasts is becoming less and less convincing. A fact reflected in the share price, which has never regained its 533p high after the float and stood at 80p after the announcement. The share price at the end of December regained ground to end on 74p.

at

AIT Group plc

Revenue Growth Improving Dramatically

AIT Group, the retail financial services software provider, which specialises in "multi-channel e-CRM software...using current and emerging technologies" has announced interim results for the six months to 30th Sep. 00. The results reveal turnover for the six months of £14.2m, compared to £9.8m for the comparative period in 1999. PBT was also up to £2m, an increase of a third on the £1.5m reported in 1999.

Diluted EPS was 6.49p compared to 5.05p in the previous corresponding period. Commenting on the reasons for the growth, Carl Rigby, Chairman and CEO, said, "Our move from a call centre focus to true integrated multi-channel e-CRM has proved to be a winning strategy, with growth coming from a number of notable e-business projects for traditional bricks and mortar players in progress or imminent. This is demonstrated by 45% (1999: 25%) of H1 revenue being generated by projects involving electronic channels".

Comment - AIT has continued to focus on the industry that it knows best whilst moving forward with the market and attributing more of its revenue to the electronic channel. It is also following its strategy to become a product led company, rather than service led, with a higher percentage of revenues coming from licence fees and related maintenance. And the changes seem to be serving the company well. In the Holway Report 2000, we were concerned that last years interim results showed only 16% revenue growth and that AIT was losing market share, but the story has changed this time around with revenue growth improving dramatically to 45%. AIT's share price is up 4% at 1185p.

Holway/System House SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Dec-00	Capitalisation 31-Dec-00	Historic P/E	PSR Ratio P/Rev.	SCSI Index 30-Nov-00	Share price move since 30-Nov-00	Share price % move	Capitalisation move since 30-Nov-00	Capitalisation move (€m) in 2000
Actinic	SP	£0.39	£47.4m	Loss	23.56	1377	-65.47%	-52.47%	-£89.77m	-£52.20m
AFA Systems	SP	£1.39	£32.1m	Loss	18.04	1533	-24.46%	-47.84%	-£10.43m	-£16.40m
AIT Group	CS	£11.85	£240.6m	100.3	11.09	7567	4.41%	-21.52%	£10.19m	-£65.90m
Alphameric	SP	£2.75	£280.0m	67.2	11.05	1078	15.81%	-86.73%	£40.31m	£165.80m
Alterian	SP	£2.38	£93.1m	626.3	93.10	1053	12.83%	18.75%	£10.61m	£14.70m
Anite Group	CS	£1.69	£449.1m	41.2	2.82	947	4.01%	24.35%	£17.36m	£114.00m
Autonomy	SP	£19.28	£2,427.9m	Loss	176.73	733	-19.67%	-41.15%	-£555.11m	-£1,643.93m
Axon	SP	£7.58	£378.0m	133.0	14.89	3343	29.49%	27.85%	£86.10m	£88.90m
Azlan Group	R	£1.81	£193.9m	21.0	0.47	750	4.64%	25.35%	£8.60m	£39.50m
Baltimore Technologies	SP	£3.45	£1,749.0m	Loss	75.15	29744	18.97%	-32.68%	£279.00m	-£162.00m
Baron	SP	£1.03	£4.6m	Loss	1.40	975	5.13%	-76.16%	-£0.22m	-£9.19m
Bond International	SP	£0.59	£0.4m	Loss	0.99	952	-6.40%	-20.41%	-£0.52m	-£2.13m
Bright Station	CS	£0.24	£40.7m	Loss	0.23	336	-35.49%	-74.18%	-£23.27m	-£100.20m
Business Systems	CS	£0.80	£64.8m	129.0	2.00	723	-5.98%	-32.77%	-£4.87m	-£35.20m
Cadcentre Group	SP	£5.51	£91.9m	25.4	3.85	2525	9.01%	70.43%	£7.59m	£38.30m
Capita Group	CS	£5.00	£3,255.0m	151.5	9.95	116238	16.28%	32.75%	£456.34m	£896.00m
Cedar Group	SP	£3.10	£238.1m	52.9	6.56	2643	11.71%	-44.39%	£24.98m	-£107.50m
Charteris	CS	£1.27	£44.0m	4.9	6.55	1406	0.00%	40.56%	-£0.03m	£12.70m
Clinical Computing	SP	£0.27	£6.7m	25.0	2.14	238	-10.17%	-57.60%	-£0.76m	-£9.05m
CMG	CS	£8.95	£5,487.0m	66.6	9.02	24276	1.70%	-21.42%	£181.31m	-£346.00m
Comino	CS	£5.13	£69.7m	28.1	3.41	3962	-0.49%	-15.64%	-£0.34m	-£12.90m
Compass Software	SP	£1.85	£19.8m	61.8	13.47	1253	-1.60%	23.33%	-£0.35m	£3.80m
Compel Group	R	£0.82	£25.3m	9.6	0.09	940	-30.64%	-84.89%	-£11.23m	-£145.70m
Computacenter	R	£3.35	£612.4m	15.0	0.35	455	9.84%	-67.08%	£54.87m	-£1,212.60m
DCS Group	CS	£0.95	£23.0m	5.9	0.14	1725	-8.21%	-91.00%	-£2.07m	-£232.30m
Dekam	SP	£2.10	£12.5m	14.3	0.79	750	6.33%	2.44%	£0.76m	£0.40m
Diagonal	CS	£1.98	£166.1m	32.6	2.29	2944	-2.47%	-47.68%	-£4.16m	-£138.90m
DRS Data & Research	SP	£0.13	£4.4m	18.4	0.54	127	-8.93%	-44.57%	-£0.43m	-£3.55m
Easyscreen	CS	£0.60	£26.3m	Loss	24.91	200	75.00%	-81.94%	£11.24m	-£119.30m
ECSoft	CS	£6.10	£71.4m	35.3	1.05	357	-7.90%	-46.02%	-£6.07m	-£51.80m
Eidos	SP	£2.15	£221.3m	9.4	1.09	10145	-1.91%	-80.23%	£12.30m	-£93.00m
Electronic Data Proc	SP	£0.69	£18.1m	27.0	2.17	1914	10.40%	-81.67%	-£1.76m	-£80.50m
Epic	A	£3.47	£84.5m	209.0	27.44	3305	-0.14%	320.00%	-£0.14m	£65.30m
Eurolink	CS	£0.71	£7.4m	32.4	0.97	710	0.00%	-41.80%	-£0.10m	-£5.22m
FI Group	CS	£2.69	£857.8m	33.2	2.79	7372	-5.43%	-64.95%	-£59.04m	-£903.20m
Financial Objects	SP	£1.02	£38.6m	26.8	1.73	452	-2.40%	-85.13%	-£0.95m	-£204.40m
Flomerics Group	SP	£6.75	£19.6m	23.5	2.25	4615	12.50%	51.69%	£2.18m	£7.60m
Focus	SP	£2.03	£51.0m	Loss	70.74	1090	-4.47%	4.10%	-£2.37m	£2.10m
Freemove	CS	£0.98	£991.8m	Loss	50.71	993	-34.23%	-83.39%	-£515.23m	-£4,951.20m
Gresham Computing	CS	£0.25	£11.3m	Loss	0.37	306	-13.16%	-59.76%	-£1.77m	-£15.70m
Guardian IT	CS	£9.55	£665.6m	87.5	13.54	3706	1.06%	-0.37%	£6.99m	£175.80m
Harvey Nash Group	A	£8.68	£253.3m	27.3	1.68	4614	7.43%	43.74%	£17.56m	£81.30m
Highams Systems Servs	A	£0.23	£4.4m	Loss	0.16	792	-21.05%	-60.18%	-£1.17m	-£6.29m
I S Solutions	A	£1.90	£47.5m	49.6	4.02	7174	-1.30%	137.50%	-£0.63m	£28.30m
ICM Computer	CS	£2.18	£42.2m	14.1	0.85	1319	-8.42%	-72.90%	-£3.86m	-£110.30m
IDS Group	SP	£1.71	£96.6m	19.0	7.10	2294	-17.19%	-34.48%	-£20.08m	-£55.10m
IE Group	SP	£0.42	£17.6m	Loss	2.44	532	-17.00%	-85.10%	-£3.60m	-£99.90m
Innovation Group	SP	£6.00	£1,031.0m	Loss	107.80	3450	249.34%	£13.24m	£789.56m	£1,324.00m
iSOFT Group	SP	£2.05	£209.6m	78.3	12.93	1318	41.38%	86.36%	£106.53m	£106.53m
ITNET	CS	£1.32	£92.4m	11.7	0.71	410	-8.36%	-80.73%	-£8.49m	-£87.40m
Jasmin	SP	£1.28	£6.0m	Loss	1.43	917	-7.27%	2.00%	-£0.48m	-£0.11m
Kalamazoo Computer	CS	£0.17	£7.1m	Loss	0.11	585	-19.51%	-85.71%	-£1.72m	-£42.42m
Kewill Systems	SP	£3.20	£243.8m	Loss	3.24	7431	-14.89%	-79.55%	-£42.68m	-£923.20m
Keystone	SP	£0.35	£14.7m	Loss	3.06	611	-36.82%	-64.72%	-£8.60m	-£16.10m
Knowledge Management	SP	£0.81	£84.7m	Loss	40.53	912	-31.86%	-37.88%	-£39.57m	-£50.17m
Knowledge Support	SP	£3.69	£272.3m	Loss	148.15	1852	-9.45%	67.73%	£28.40m	£109.83m
Logica	CS	£17.50	£7,735.0m	100.0	9.13	19186	24.91%	9.58%	£1,543.13m	£1,379.00m
London Bridge Software	SP	£3.30	£560.0m	60.1	13.28	9063	-8.97%	-60.95%	-£55.13m	-£770.00m
Lorenz	A	£0.77	£15.0m	Loss	0.11	775	-1.29%	-39.53%	-£0.21m	-£9.80m
Lynx Holdings	SP	£1.89	£138.2m	20.1	0.55	2163	2.31%	-46.36%	£3.09m	-£40.00m
Macro 4	SP	£9.00	£187.2m	23.6	4.84	3155	-14.65%	-20.40%	£23.90m	£39.90m
Manpower SoftWare	SP	£0.27	£3.6m	Loss	2.25	165	-22.06%	-20.40%	-£0.03m	-£1.07m
MERANT	SP	£0.95	£141.8m	Loss	0.62	374	22.58%	-78.86%	-£1.03m	-£10.47m
Microgen Holdings	CS	£3.08	£156.5m	54.0	5.00	1271	3.36%	-53.93%	£5.06m	-£183.30m
Misys	SP	£6.60	£3,801.0m	43.9	5.36	6183	32.80%	31.61%	£938.88m	-£1,670.00m
MMT Computing	CS	£5.28	£63.8m	17.3	1.69	3274	-4.09%	-44.62%	-£2.79m	-£51.50m
Mondas	SP	£0.40	£8.0m	Loss	5.89	553	-3.61%	-63.13%	-£0.30m	-£5.70m
Morse	R	£3.78	£476.8m	20.4	0.94	1600	-5.63%	5.01%	-£28.37m	£37.10m
MSB International	A	£1.15	£23.5m	6.6	0.13	597	1.32%	-59.29%	£0.39m	-£34.10m
NetBenefit	CS	£1.28	£20.4m	Loss	2.71	675	-5.56%	-85.67%	-£1.20m	-£90.80m
Netstore	CS	£0.82	£72.0m	Loss	52.48	677	-19.70%	-45.67%	-£17.69m	-£60.60m
Nettec	CS	£0.30	£31.7m	Loss	6.61	233	-47.32%	-87.71%	-£28.49m	-£223.30m
Northgate	CS	£0.69	£192.4m	Loss	1.16	299	11.52%	125.41%	-£25.11m	£121.60m
NSB Retail Systems	SP	£1.88	£393.5m	466.7	18.49	12609	-15.58%	-19.76%	£52.77m	-£24.00m
Orbital Software	SP	£1.01	£45.6m	Loss	237.92	610	15.43%	-30.34%	£6.03m	-£19.80m
Orchestram	SP	£2.75	£335.8m	Loss	819.02	1073	38.54%	-48.85%	£93.44m	-£121.32m
Parity	A	£1.17	£179.5m	17.6	0.57	22500	-13.33%	-68.72%	-£27.62m	-£98.70m
Patsystems	SP	£1.03	£130.9m	Loss	215.30	738	30.38%	-3.74%	£30.51m	-£4.10m
Planit	SP	£1.04	£85.1m	38.3	6.40	4792	-9.57%	-37.72%	-£8.99m	-£38.80m
Polycmaster	SP	£3.30	£51.8m	40.6	3.10	2500	-12.00%	-33.67%	-£7.10m	-£18.30m
PSD	A	£9.55	£239.7m	16.8	3.78	3977	9.14%	30.82%	£20.07m	£63.00m
QSP	SP	£0.30	£27.2m	5.4	0.54	585	-32.02%	-80.07%	-£12.81m	-£109.40m
Quantica	A	£0.55	£21.6m	8.8	1.19	395	12.24%	4.76%	£2.36m	£1.00m
Rage Software	SP	£0.11	£34.3m	Loss	8.13	548	-24.56%	-81.55%	-£11.14m	-£126.20m
RDL	A	£1.75	£26.8m	20.6	1.47	2133	-8.85%	83.25%	-£2.56m	£16.10m
Recognition Systems	SP	£2.79	£253.2m	Loss	29.37	3307	20.30%	-20.20%	£42.79m	-£64.00m
Retail Decisions	A	£1.24	£169.2m	Loss	14.17	1378	21.08%	66.89%	£29.48m	£68.20m
RexOnline	SP	£0.97	£6.4m	Loss	8.67	1089	5.46%	-4.93%	£0.34m	£0.38m
RM Group	SP	£5.70	£532.4m	518.2	2.57	15286	6.54%	-33.53%	£32.67m	-£256.50m
Roffe & Nolan	SP	£3.91	£55.1m	25.8	2.41	4911	-5.21%	1.56%	£3.02m	£3.10m
Royalblue Group	SP	£10.50	£315.1m	65.4	7.26	3559	11.71%	0.24%	£35.41m	£9.00m
Sage Group	SP	£3.07	£3,886.0m	51.3	9.43	149261	-20.94%	-59.40%	-£1,029.62m	-£5,331.00m
SBS Group	A	£1.00	£9.1m	20.6	0.17	900	11.11%	-51.22%	£0.91m	-£9.90m
Science Systems	CS	£4.95	£124.7m	44.4	4.03	3837	0.00%	36.18%	-£0.04m	£62.20m
SDL	CS	£3.72	£147.1m	Loss	11.35	2210	12.07%	-8.50%	£16.81m	£10.70m
Serna Group	CS	£2.95	£1,809.0m	20.4	1.28	3635	1.99%	-73.54%	£35.74m	-£3,348.00m
ServicePower	SP	£0.70	£36.5m	Loss	9.44	725	-4.14%	-39.57%	-£1.58m	-£23.22m
Sherwood International	SP	£3.17	£135.2m	13.2	2.87	11327	-6.76%	-74.44%	-£9.87m	-£364.50m
SkillsGroup	CS	£1.38	£121.4m	13.5	0.61	534	15.55%	-54.32%	£16.34m	-£142.30m
Sopheon	SP	£1.60	£63.5m	Loss	42.05	3633	-36.63%	-51.15%	-£36.77m	-£41.60m
Spring	A	£0.89	£132.9m	Loss	0.34	894	9.94%	-48.09%	£11.95m	-£113.80m
Staffware	SP	£14.00	£197.0m	58.5	7.80	5558	12.00%	72.31%	£27.00m	£93.80m
StatPro	SP	£0.70	£20.4m	Loss	6.49	975	-10.90%	-13.13%	-£2.50m	-£1.20m
Superscape VR	SP	£2.49	£90.6m	Loss	42.08	1144	9.93%	-27.09%	£8.14m	-£2.80m
SurfControl (was JSB)	SP	£11.63	£345.9m	Loss	39.73	3688	57.63%	13.41%	£123.91m	£67.60m
Synstar	CS	£0.48	£77.2m	10.1	0.33	373	-22.76%	-79.21%	-£22.75m	-£294.10m
Systems Integrated	SP	£0.31	£4.2m	23.3	2.70	317	-15.07%	-17.33%	-£484.76m	-£0.88m
Systems International	CS	£0.38	£12.8m	79.5	0.75	583	11.94%	-49.32%	£1.31m	-£12.50m
Systems Union (was Freecom)	SP	£0.70	£72.2m	Loss	120.53	396	35.92%	-78.46%	£19.12m	-£21.80m
Telework	CS	£1.90	£342.0m	182.7	19.70	0	5.28%	30.69%	£17.08m	£80.00m
Telme.com	SP	£0.32	£25.1m	Loss	1.80	223	-8.70%	-68.50%	-£2.40m	-£47.10m
Terence Chapman	CS	£1.60								

Buyer	Seller	Seller Description	Acquiring	Price	Comment
AFA Systems	Smacsoft Group	SA-quoted software developer supplying straight through processing systems to investment mgnt industry	100% of company	£5.7m	Comprises an initial cash payment of cZAR36.6m (£3.3m) and an additional deferred payment of c£2.2m new AFA shares. AFA claims that Smacsoft will complement its existing products and markets, "enabling AFA to offer an enhanced product range to a wider market"
Alphameric	MRS Software	Reseller of proprietary back office systems and EPOS systems	100% of company	£1.5m max	£1.1m cash + shares + earnout - the latest in Alphameric's acquisition trail to strengthen activities in the retail, bookmaking and finance and customer services areas
Amaze	Y2K Medien	German	100% of company	£5m	Y2K has rev of c£2m but there is no mention of profit!
Cable & Wireless	ML Integration Group	UK-based data networking and systems integration company	100% of company	Undisclosed	C&W's largest acquisition to date by number of employees (357)
Cube8.com	Plain English Group		13.2% equity stake	£475K	Part of a total fund raising of £600K by PEG which will strengthen the position of Cube8 in the media sector
EO	EPO.com		100% of company	Undisclosed	EO is an online share distribution platform for retail investors
Freequotes.co.uk	TheStreet.co.uk		All rights to the database	Undisclosed	Freequotes.co.uk is a subsidiary of themutual.net and is a provider of unlimited, free, real-time stock quotes in the UK.
JZ International LLC	Skillsgroup	ITSA (Acuma is its loss making hardware reseller and business intelligence/data warehousing business)	100% of Acuma	£4.5m	There is also a potential deferred consideration valued at up to £2.5m. Executive Chairman, Keith Burgess commented, "the sale of this last remaining hardware-related business will enable all efforts to focus on our core business operations".
MCA's owners	E-xcentric		MCA Holdings	£1 and £15m in	MCA Holdings, the web design company was E-xcentric's one and only investment following the forming of the cash shell in Jan. 00
Microsoft	Great Plains	US SME accounting s/w supplier	100% of company	£1.1bn	A 30% premium on Great Plains previous closing price.
Protocol Associates	Spring Group		Spring Skills and Spring Education	£71.9m	£71.9m cash includes debts of £2.4m. These businesses generated some £71m rev and £6.3m profit in year to 30th Apr. 00. The deal is subject to shareholder approval.
SurfControl	EmU Tech Pty	Australia's "leading provider" of e-mail filtering products and technology	100% of company	Undisclosed	The acquisition has resulted in the formation of SurfControl Australia
The Innovation Group	InFront Solutions		18% interest	£2m	Payable in cash on completion. Additionally, The Innovation Group has made available to InFront, a working capital facility of up to £1.8m which may be converted to a maximum of 15% of InFront's authorised share capital at its request
Torex	Laufenburg Group	European healthcare IT company		DM130m (£39.9m)	Torex will carry out a 1 for 6 rights issue of 6,083,859 New Torex shares at 480p to fund the acquisition. Torex is looking to expand further in Europe, using Laufenburg as a platform
Totally	London Jewish News and Sojewish.co.uk		100% of company	Undisclosed	Conditional upon the admission of the share capital of the company to AIM
Wanadoo	Dixons	ISP	100% of Freeserve	See comments	The terms are a share exchange on the basis of 0.225 of a Wanadoo share for each Freeserve share, valuing each Freeserve share at 157p and the company at £1.6bn. Dixons will become the second largest shareholder in Wanadoo with a 12.7% stake

TRIAD Margins could soon be trebled

Triad has announced interim results for the six months to 30th Sept. 00 showing turnover up just 3% to £25m, however PBT increased 40% to £1.3m and EPS is up from 2.43p to 3.36p. Commenting on the results, John Rigg, Chairman, said: "The 40% increase in profit compared with the equivalent period last year reflects the upturn I first reported in my trading statement of 17 August 2000. It results from improved utilisation rates in our consultancy and systems business. I am confident that this upturn will be maintained and will result in a strong outcome for the second half of the current financial year....Triad is well on the way to re-establishing its usual strongly profitable and cash generative performance."

Comment - Following the results announcement, we spoke with John Rigg. The company's results demonstrate the market. Almost no revenue growth. However, largely because they came from a low/poor base, they can scream a 40% PBT rise. But that's still only a 5% margin compared to the 21% they made in those golden days in 1998! Here again its utilisation which makes all the difference and at least Triad is getting to grips with this. They are moving far more towards full time employees, away from IT contractors, and therefore further up the value chain. Although an upturn was reported in the market from August it's still very patchy although Rigg is "looking forward to a strong H2". Interestingly, it is web enabled services to the financial services sector which is the real bright spot. Within this, private wealth management for high net worth individuals was a particularly strong niche area.

This is the second **System House Boring Award** winner we have spoken to this month. Sage, see page 11, still has theirs (we guess that with Admiral part of CMG there is now ONLY one other and that's Capita). But Triad lost its award with their first dip in EPS in 11 years with their full year results to 31st Mar 00. Of course, they can't have it back for another 10 years but Rigg said that just one year's blip shouldn't blight what is both an excellent record and, in our view, a pretty good company of its type. With utilisation rates rising, we see no reason why the margins couldn't be trebled soon even if top line revenue growth continues (like the rest of sector) in single figures. Triad's share price stands at 215p at the end of the month, a 15% decrease.

Loss described as "better than expected"

ACTINIC

Actinic, which describes itself as a leading supplier of e-commerce solutions to SMEs, has announced preliminary results for the year ending 30th Sep. 00. The company reported turnover up 250% to £2m, from £571K in 1999, and LBT of £3.5m (£0.8m down to flotation expenses and NI on option provisions), deepening from the £775K reported in 1999. Loss per share was 3.41p compared to 0.86p last year. Chief Executive, Kevin Grumball commented on the results, "We intend to continue to grow but in a controlled fashion, so that we do not become over extended, either from a cash or management viewpoint...we will not relax our grip on costs and we will continue to build a company that can deliver real earnings back to our shareholders".

Comment - Actinic was founded in 1996 by Kevin Grumball and Chris Barling (COO). A placing of 25% of the company at the end of May 00, at 81p a share, valued the company at just under £100m and raised almost £23m - the two founders still hold 19% each.

The company claims to have achieved much that it set out to do during the period in terms of achieving head count numbers, establishing the sales channel and marketing spend. Even the loss was described as being *better than the expected £5.2m*. However, the company's fortunes are built on SMEs adopting e-commerce - in the current climate this could be a delayed business. Indeed on 8th December, the company said that as the result of a review of operations in Nov. 00, the second month of its current financial year, "revenues for the first quarter to Dec. 00 will be disappointing". Still the company still has £19m in the bank to fall back on. Share price has held up well during the year, reaching a high of 270p in Sep. 00, but have been drifting downwards since. The December trading statement knocked 50% of the share price, to 44p on the day and at the end of the month it stood at 39p.

Recent IPOs									
Name	Activity	SCS or Dotcom	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Dec 00	Premium/Discount
Riversoft	IP Network Management Solutions	SCS	SP	MAIN	94p	£224.0m	13-Dec-00	114p	21%
Arlington	Internet Incubator	Dotcom	E-I	AIM	40p	£25.0m	29-Nov-00	33p	-18%
Comeleon	Imaging Technology	SCS	SP	AIM	165p	£22.0m	14-Dec-00	169p	2%
Mission Testing	Software testing	SCS	CS	AIM	273p	£10.0m	06-Dec-00	273p	0%
Idocumentsystems Group	Content & Info Management S/w	SCS	SP	AIM	14p	£15.0m	19-Dec-00	14p	0%
Knowledge Technology Solutions	Developer of Streaming S/w	SCS	SP	AIM	5p	£3.8m	04-Dec-00	5p	0%
The Generics Group	Technology Consulting	SCS	SS	MAIN	210p	£213.0m	04-Dec-00	243p	15%

Forthcoming IPOs								
Name	Activity	SCS or Dotcom	Index Class	Market	Issue Price	Est Mkt Cap.	IPO Date	
EBF Finance	Technology Investment	Dotcom	E-I	AIM	tbc	£25.0m	tbc	
eDefined.com	Online Financial Services	Dotcom	C&M	AIM	tbc	£50m	tbc	
e-go systems	Enterprise Service Provider	SCS	SS	MAIN	2p	£76.3m	tbc	
IXEurope	Internet Server Accomodation	Dotcom	S&S	MAIN		£300.0m	tbc	
Phase8	Internet Services	Dotcom	SS	AIM	tbc	£20.0m	tbc	
Popkin Software & Systems	Software & Systems	SCS	SP	MAIN	tbc	£70m	tbc	
Realcall	Internet Solutions	Dotcom	S&S	MAIN	tbc		tbc	
STG Holdings	Hi-tech investment	SCS	O	AIM	200p	£61.2m	early 2001	

IPO Year in Review

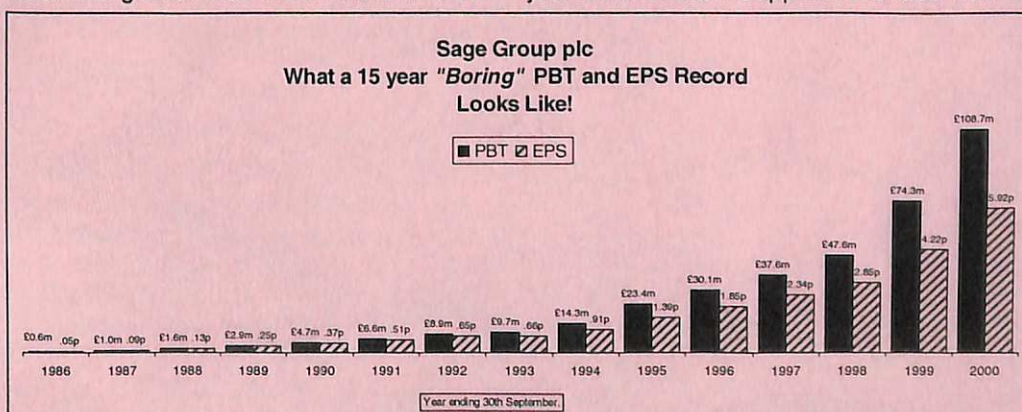
The first *System House* of the New Year....and time to take a look at the SCS IPOs we have listed over the last twelve months. We had to look twice but its turned out to be true - there were no SCS IPOs to report from January right the way through to April! Then in April, we saw Actinic, StatPro, The Innovation Group (TIG) and Internet Business Group taking the plunge.

It turns out that TIG did the best out of all the IPOs this year - from the time of its float to the end of December, its share price rose a massive 249%, from 229p to 800p! iSOFT also did well following its July flotation with an 86% increase in its share price. Looking at TIG compared to the other 30 IPOs that we reported on, it did incredibly well. In fact 14 companies saw their share price decrease from the time they floated, including the biggest faller which was Internet Business Group with a 64% drop - so it turns out those floating in May had mixed fortunes! In December, the story was a bit brighter, with all floating bar one being able to celebrate either no move or an increase in share price at New Year. The average percentage change that companies experienced between float and the end of year was 5.47% but this doesn't really tell the whole story and it really seems that during 2000, if you decided to float, you were at the mercies of the erratic stock market. Even our old friend Autonomy, which floated on the LSE in November (with cries of joy from Holway), suffered with a 41% fall in its share price to the end of the year. We hope for a more stable year in 2001 for all prospective IPOers out there, and have our fingers crossed that we'll see less of those costly float postponements!



Super Sage doesn't disappoint....

We did not expect FTSE100 SCS star 'Super Sage' to disappoint - and true to form it didn't! Revenue for the year to 30th Sept. 00 rose 34% to £412.2m (continuing operations grew 20%), PBT was up 46% to £108.7m (a magnificent 26% margin) and EPS grew 40% to 5.92p. Star performer was Sage's UK businesses, up 33% to £132m (at constant currency) - and is now under one-third of Sage's total business. US revenue grew 21% to £143m - now 45% of the total - but mainland Europe only grew 9% to £94m mainly due to France's "significant exposure to the mid-market". The good news is that Germany is back in the black, though this is a more competitive market than UK or France so there's no sitting back on their laurels! Most of Sage's growth came from existing customers (revenue up 47%) - new business growth was much more modest - 'just' 20% overall. Support revenues now constitute c40% of Sage's total



turnover (up from c33% last year) - they've got 780K support contracts and "prospects for further penetration". Sage Chairman, Michael Jackson commented that "Despite the challenging market environment, the Board is confident about the prospects for the current year."

Comment: We spoke to Sage CEO Paul Walker after

these results were announced. He confirmed the Y2K slowdown in what Sage calls the 'middle market' - but they have also banned anyone in Sage using the phrase 'Y2K hangover' - i.e. no more excuses! Also, e-commerce services have not taken off as quickly as they had hoped (not just for them, either). Although Sage has been a bit slower on the acquisition front this year (spending "only" c£350m) things will likely speed up again next year now that valuations (especially of private companies) are more 'realistic'. As for the outlook - well H1 is still likely to be challenging but the opportunities are plentiful. These are just superb results - if they can do this in a 'down' year just think what they can do when the market picks up again. Their strategy of covering the entry and mid-markets and then encouraging migration from former to latter just seems so simple and elegant - and it works. To our mind Sage is one of the best - if not the best - among UK SCS companies and an exemplar 'exporter'. But that did not stop Sage's share price slump. It finished 2000 at 307p - 59% down on the year.

2000 - "The Year of the DOG"

With Holway's SCS Index down 27% in the year since 1st Jan. 00, the tables are full of "losers". It might be easy to use e- as an e-xcuse for all of this. **NetBenefit**, **Nettec**, **Freeserve** etc., might well be due to the downturn in internet-related fortunes, but the reasons behind the falls at **DCS**, **Compel**, **Financial Objects** etc. are down to different, more complex

UK SCS Companies Worst Performers in 2000		
	% move from 2000 High	% move since 1st Jan 00
DCS Group	-95%	-91%
Nettec	-89%	-88%
Kalamazoo Computer	-87%	-86%
NetBenefit	-95%	-86%
Financial Objects	-87%	-85%
iE Group	-88%	-85%
Compel Group	-87%	-85%
Freeserve	-89%	-83%
Easyscreen	-90%	-82%
Electronic Data Proc	-83%	-82%

reasons. DCS suffered from the ERP malaise and Compel from the downturn in corporate PC buying activity. Financial Objects suffered from a general hiatus in IT spend in the banking sector.

On the other hand, credit must be given to those that managed a gain on the year. **Epic** won the race. This e-learning company which floated in 1996 at 82.5p managed to end 2000 with a 321% premium.

UK SCS Companies Best Performers in 2000		
	% move from 2000 High	% move since 1st Jan 00
Epic	-17%	76%
Innovation Goup	-39%	67%
IS Solutions	-36%	59%
Northgate	-37%	64%
Alphameric	-51%	48%
iSOFT Group	-11%	45%
RDL	-26%	45%
Staffware	-70%	44%
Cadcentre Group	-3%	46%
Knowledge Support	-39%	47%

A major achievement in the circumstances! Other newcomers like **Innovation**, **Knowledge Support**, **iSOFT**, etc. also bucked the trend. It is also good to report **Northgate** in a positive light after so many years living as MDIS in the doldrums. Credit must go to "new" MD Chris Stone for this turnaround.

But if you think that's bad...

..you should take a look at what has happened to the share prices of the new-style e-consultancies around the world. We list below only those that have any revenue in the UK market. We could have included iXL, Lante,

U S Interactive, or Xpedior - all of which are off a massive 97%+ from their earlier 2000 highs. Last month in *System House* we featured our views on these new e-business

e-consultancies fall from grace				
Company	Market Index	52 week High in 2000	Share Price (15/12/00)	% move from high
Scient	Nasdaq	\$133.75	\$3.03	-97.7%
Marchfirst	Nasdaq	\$81.13	\$1.88	-97.7%
Razorfish	Nasdaq	\$56.94	\$1.38	-97.6%
Agency.com	Nasdaq	\$61.75	\$3.00	-95.1%
Icon Medialab	Stockholm OM	SEK 305.00	SEK 15.30	-95.0%
Modem Media	Nasdaq	\$56.94	\$4.31	-92.4%
Framfab	Stockholm OM	£143.22	£11.50	-92.0%
Sapient	Nasdaq	\$75.59	\$10.81	-85.7%
Nettec	LSE	£2.13	£0.35	-83.8%
Pixelpark	Neuer Markt	DEM 194.00	DEM 33.80	-82.6%
Axon	LSE	£22.88	£7.98	-65.1%
Adcore	Stockholm OM	SEK 52.00	SEK 25.60	-50.8%

services companies ahead of the publication this month of our new specialist report on the topic. A brochure and order form is enclosed

Looking good on both counts however was **Cadcentre** Group which against the odds fell only 3% off its high of 567.5p achieved in November (when all around were suffering) and ended the year up 46% at 551p.

But even those that did well during 2000 have failed to keep their share prices close to their 2000 highs. **Staffware**, which increased its share price by 44% during the year, had seen a high of 4650p in February, but ended the year at just 1400p.

And finally

Everyone at **Ovum Holway** wishes you a very happy and successful 2001. In answer to the many e-mails, "Yes", of course, there will be a 2001 Holway Report and a "Richard & Anthony" Show for the CSSA in July as usual!

Also looking forward to seeing many of you at the **Regent Conference** on 23rd Jan...our 6th consecutive appearance. Let's hope we can get our own back on Jeremy Paxman this time!

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