December 2005

Available by subscription only

ISSN 0967-2583

ovum

SYSTEMHOUSE

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

LIGHT MY FIRE – THINGS THAT WILL IGNITE THE ICT SECTOR

This is a synopsis of Richard Holway's annual presentation to raise funds for the Prince's Trust Technology Leadership Group.

Over the last five or so years, all of my presentations have contained warnings about the future growth prospects for the ICT sector. Indeed my first annual presentation for the Prince's Trust Technology Leadership Group in 2002 was entitled *IT's all over now* and introduced the theme of IT as a mature sector with future growth rates more aligned to GDP than to the double-digit growth enjoyed in years of yore. In other presentations, using theme tunes such as *Yesterday, Changes and What goes up, must come down*, I continued to hammer the message home to an industry that was then in no mood to accept reality.

In the intervening years two things have happened:

- the ICT industry has eventually accepted reality. Indeed many now look at GDP-type growth with sighs of *'If only!'*.
- Holway has attained the status of Industry King Gloom-monger.

My last presentation in 2005 was titled *The Shape of Things to Come.*

Within a flat, or at best modest, growth marketplace, there would be huge 'Diversity of Performance' both by sector and company. Some would rise dramatically. Others would wither and die.

So in an attempt to dispel my gloomy image – but preserving my reputation for keeping a grip on reality – my new theme is **Light my fire** where I'm only going to concentrate on the things that are going to **ignite** the IT sector in the years to come.

Disruption excites – consumers lead

In the main, companies with established business models rarely do things to destabilise themselves. Indeed their natural reaction is to defend themselves.

In our ICT sector, the destabilisation now, more often than not, comes from rapid consumer adoption, and the spark for that more often than not comes from people who most would refer to as geeks.

I could give many examples but one of the earliest I was involved in was the advent of micros and PCs. In 1977 I wrote a paper whilst at Hoskyns (now Capgemini) soon after various geeks in the US – like Steve Jobs and Steve Wozniak who built the first Apple – had used the Intel 8080 and Motorola 6800 to build a 'personal computer'. I argued that microprocessors would eventually enter mainstream business computing and that Hoskyns had better get involved. The reaction I initially received was of the 'Real men don't eat quiche' variety. Nothing was going to threaten their established mainframe/datacentre way of doing things. To Hoskyns' credit, but probably as a way of silencing an irritant, they did let me and some like-minded colleagues 'get involved' and as a result we built a micro-based hotel system which by 1979 had over 50% of the UK market and made serious dents in NCR's market. I experienced the same

[continued on page two]

Contents

INDICES
(changes in November 2005)

Holway S/ITS	**+1.5%**	**4918**
FTSE IT (SCS)	**+7.6%**	**526**
techMARK 100	**+6.7%**	**1346**
Nasdaq Comp	**+5.3%**	**2232**

[continued from front page]

resistance to my arguments about the adoption of the PC in 1981. And we all know what happened then!

Since then, this 'Geek Cycle' has become well established.

Over the last 20 years I can list the following as a small selection of things that Holway has adopted way ahead of 'the crowd' and where I have taken an almost evangelistic approach with anyone unfortunate enough to have to listen to or read my views:

- mobile phones
- text messaging
- windows
- e-mail
- Internet publishing
- blogs
- digital photography
- online banking and shopping
- Internet search
- music downloads
- mobile data/GPRS/3G
- BlackBerry
- iTunes and iPods
- radio on-demand
- podcasting
- VoIP.

Every one of them has followed a similar cycle. Every one of them has led (or is likely to lead) to the destabilising or destruction of established businesses.

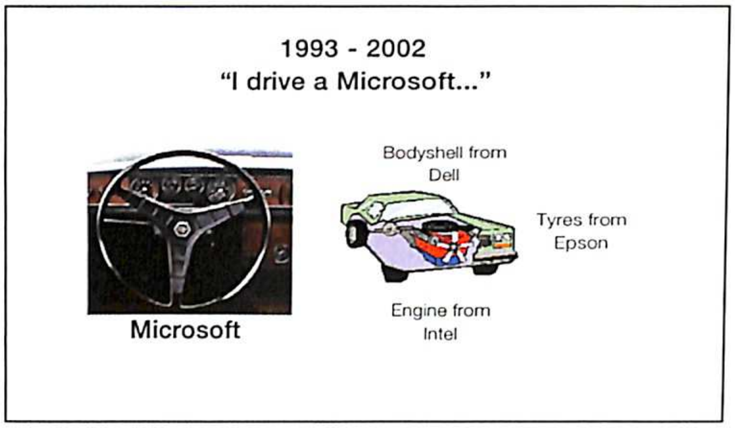
And every one has created fabulous new opportunities.

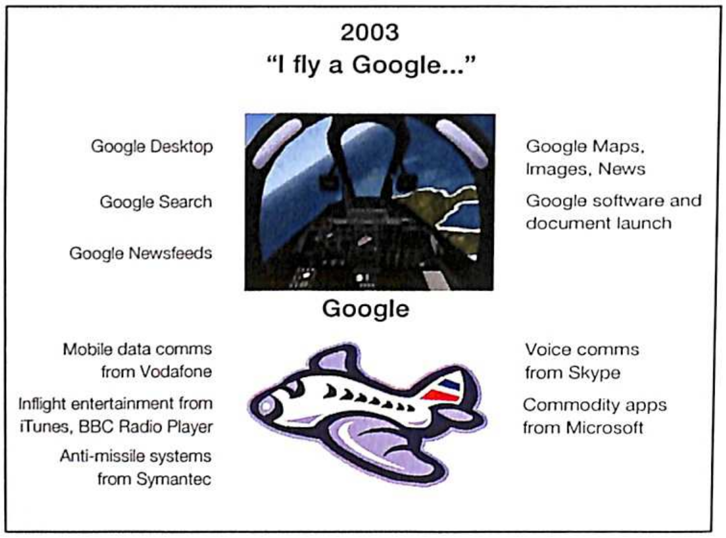
So, given this record, it might be interesting to see what currently **'Lights Holway's Fire'?**

In last month's SYSTEMHOUSE Holway Comment, I explained that I used to drive a Microsoft.

But the last couple of years have been quite, quite different for Holway. I don't drive a car

I used to drive a Microsoft but now I pilot a Google





anymore because I can't get to the places I want to visit by road. I pilot an aeroplane and it certainly is not a Microsoft aeroplane. At the moment, **I pilot a Google craft.**

What is really interesting about this is that practically all the new things I am adopting are, in essence, web-based or 'Internet-enabled' applications. It is also interesting that none of them are from Microsoft!

Web-based applications...for free?

I see a web-based Microsoft Outlook 'look-a-like' as an obvious next step for me. Simplified versions of other Microsoft Office products, like Excel, would also be appealing as web-based applications. I only know how to use less than 1% of the available features anyway.

So why can't I run a simple Sage payroll system in the same manner, ending up in automated transfers to staff and the Inland Revenue and thereby eliminating any need for monthly and annual returns?

The Google approach is putting the cosy Microsoft software product licence revenue stream at risk. It provides its Internet-enabled software and services 'for free'.

It earns its revenues from ads - usually associated with sponsored search results.

Mobility

I've been using a GPRS and now 3G/WiFi hotspot card in my ultra lightweight laptop for over three years now. It has revolutionised the way I do my work as it has enabled me to work, answer my e-mails, surf the Internet almost anywhere on land, sea and air that I might choose. I choose this access method because it is so hassle free.

But there is still a way to go. A system that seamlessly connects me to the fastest and cheapest access method available - whether this be a wireless network whilst in my home, 3G on the train, WiMax in London or a satellite whilst at sea - would get my vote (and money!) immediately.

What kind of mobile device?

Over three years ago I 'invested' nearly £2,000 in a Panasonic Toughbook. It weighs in at 1kg and its battery lasts around five hours. Amazingly it is still the lightest fully configured Microsoft XP laptop you can buy and you won't find too many with a longer battery life either.

It is clearly unacceptable for most executives to be carrying around laptops weighing in at the current norm of 2.7kg. Lighter devices, like the Flipstart and OQO, just must get into the mainstream.

Battery technology too must enable these devices to operate for days not hours.

Converged or best-of-breed?

It is possible to buy a device which includes a still and movie camera, MP3 player, radio, TV receiver, voice recorder, photo displayer, GPS, text, e-mail, internet surfing...*oh yes and a mobile phone too.*

There will be other 'best-of-breed' devices which will concentrate on doing just one function really well.

If I am any guide, it is not 'either, or' but 'both, all'. I will choose to carry my top of the range digital camera, my video iPod, my laptop with me, have a fitted satellite navigation system in my car, as well as a mobile phone which duplicates all these functions!

What do I want to do with it?

From a work viewpoint, I have already outlined how web-based applications coupled with selected web-based personal access storage will get me excited. But it's the fun/entertainment stuff that really turns me on.

iTunes and the iPod have rekindled my love of music. I can take my whole collection of 750 CDs anywhere with me. I now buy all my music online.

Already, I can listen to *The Archers* anytime I wish on the BBC site. Indeed, when I'm homesick in some foreign hotel room, the sound of that signature tune via the Internet helps to melt away the miles.

So TV on-demand is the obvious next step for me. No more setting the video, no more need for Sky+. Just download or watch online any TV programme ever broadcast from any station anywhere. I might even pay for the privilege! And of course this will apply to movies too. I might watch it on a widescreen home cinema system or on my Apple iPod or both. Indeed, I might even show videos from my Apple iPod on my widescreen just as I play my iPod through my home stereo system. So my iPod, small as it is, becomes my media centre!

I think therefore I am - Rene Descartes (1596-1650)
My phone therefore it's me - Richard Holway (1947-)

I, like most people, carry my mobile phone with me everywhere. The other things I 'can't leave home without' are my wallet with a variety of cash, credit cards, club cards, identification and my keys (car, house and office).

Why exactly do I need to carry all these things? I envisage a mobile phone as thin and light as an Apple iPod nano which combines all these functions. It can be my Oyster card on the tube. It can pay at the parking meter or toll booth. It will pay for my taxi or newspaper. It will get me access

[continued on page four]

[continued from page three]

to the office or even my computer or cash machine. It might act as my passport. It could even carry my medical records!

Of course it will have to be secure, so something like a fingerprint recognition system would be built in. But because it too is 'web-enabled', if I did lose it, it would be no great shakes. It could be disabled, and a new device activated, very easily...just like my mobile phone of today!

Let's summarise

So, what is going to ignite the ICT sector in the years to come?

- new user interfaces freeing users from their desktop
- web-enabled applications
- much more personal access to web-based storage
- new revenue metrics for software and service providers
- the very real possibility that both voice and data access will be 'free'
- so new revenue metrics for fixed and mobile communication service providers too
- a revolution in the way we listen to music & radio and watch TV & movies
- a web-based revolution in the way we pay for and access things

I could go on. But that's enough to show that things are starting to look pretty exciting again!

Opportunities and threats

Exciting technological change can be destructive but it can create great opportunities.

Just look at how Logica took advantage of consumers' moves towards text messaging with its SMS services in the 1990s. It changed Logica radically.

The same opportunities exist for our existing ICT players to take advantages of the trends I have outlined above and really get stuck in to offering the products and services, including the back-office functions, that will be required.

Unlike the last 40 years, you really cannot afford to ignore these trends because the consequences are a choice between modest or rapid decline and ultimate extinction.

If you, like me, want to be one of the 'up arrows' in my Shape of Things to Come then you had better start getting involved in one of the areas that currently 'Light Holway's Fire'. *(Richard Holway)*

NETWORK SERVICES ACQUISITIONS HIT PROFITS AT BT GLOBAL SERVICES

BT's results for the second quarter and first half ended 30 September 2005 revealed overall revenue up 5% year-on-year to £4.8bn in the quarter, and up 5% to £9.6bn for the half. Earnings before interest tax depreciation and amortisation (EBITDA) (before leaver costs) were down 2% in both the quarter and half to £1.4bn and £2.7bn respectively.

As expected, **BT Global Services (BT GS)**, the business division on which we focus, outperformed BT's Retail and Wholesale divisions in terms of headline growth. Total revenue for BT GS grew by 16% in the quarter to £2.1bn and 17% in the half to £4.2bn. However, growth was only 5% when the acquisitions of Albacom and Infonet are excluded.

Depreciation associated with acquisitions also held back profitability, with BT GS's operating profit (before leaver costs) down by 17% to £79m in the quarter, and down by 14% to £162m in the first half. Leaver costs pulled profits even lower, with operating profit down 37% in the quarter to £57m and down 9.2% in the half to £138m.

Comment: BT's analyst presentation revealed how BT Global Services is focused on its growth in the international network services market. And in a clear break from the past few quarters, BT CEO Ben Verwaayen did not make a single mention of systems integration, application services or IT outsourcing.

The acquisitions of the network companies **Albacom** in Italy, and US-based **Infonet**, have been the main generators of revenue growth. Indeed, without these organic growth was in line with overall group performance, revealing that BT GS is finding it as difficult as most S/ITS players to significantly outperform the market without relying on acquisitions.

Yet these purchases are more than just revenue boosters. They

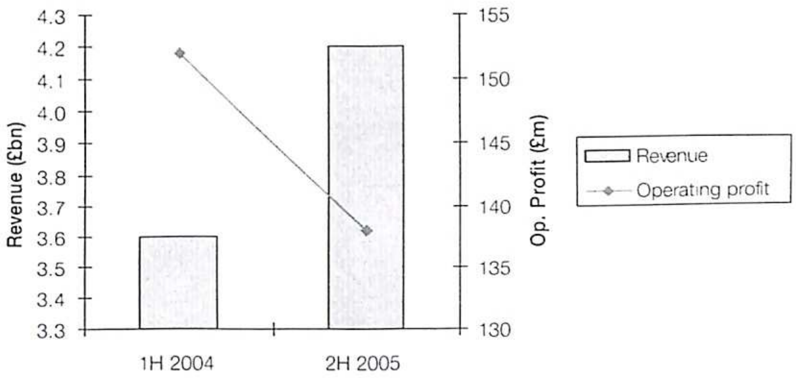
[continued on page five]

[continued from page four]

are key to BT's strategy to put international network services at the heart of its strategy for growth. Partnering as a network specialist on large IT services deals is a significant part of that strategy, as shown in recent contract activity, notably BT's deal with Hertz to provide outsourced network and IT (in partnership with Hewlett-Packard) and the £359m Metropolitan Police CUBIT deal (in partnership with Capgemini and Unisys).

Of course, the company is still a significant player in the UK consulting and systems integration markets, not least because of its involvement with the NHS's National Programme for IT. And, as the recent purchases of smaller IT services players, including Irish systems integrator Cara Group and Shropshire-based LAN integrator TNS, reveal, BT continues to build its S/ITS capabilities, albeit in a small-scale, piecemeal way.

BT first half revenue and operating profit comparison



Source: BT Group

We even heard it suggested earlier (although not by the company itself!) that cash-rich BT could be a candidate to buy parts of CSC. That's an interesting notion, and two years ago it would have sounded quite feasible. But today it's hard to see such a bold move fitting into BT's current strategy of focusing first and foremost on its strengths in and around the network.

(Samad masood)

-6%
159p

RM - AN ENCOURAGING PERFORMANCE IN FY05

RM, supplier of ICT and other services to education, released its preliminary results for the year ended 30 September 2005, revealing revenue flat at £262.7m. Before goodwill charges, operating profit rose 9.7% year-on-year to £11.5m, however £7.4m of goodwill amortisation led to a 22% reduction in PBT, to £5.5m. Diluted EPS previously 4.3p is now 2.2p.

Comment: This is a reassuring set of results from RM. We were told a couple of months back that the top line would be static, but as today's results reveal, this lack of growth belies the progress that RM is making. FY04 included c£15m of "one-off" turnover largely arising from hardware sales relating to the Classroom 2000 project in Northern Ireland. In FY05 this has been replaced, principally by a full year's contribution from TTS and Sentinel (acquired in 2004), and by an increase in the turnover recognised on long term education projects.

FY05 saw a changing business mix. The contribution from hardware sales was down 5% to £127.6m, with RM reporting that the commodity PC market continued to be "*extremely competitive*", resulting in a "*significant decline*" in average selling prices (a well-documented trend in the corporate sector, so we would be surprised if RM had reported that the education sector was any different). However, even in hardware RM managed to deliver a one-percentage point improvement in operating margin, to 16%, partly due to the contribution of TTS (with its higher margin products).

Meanwhile RM's combined infrastructure and education software and services revenues rose by c5%, to £135.1m. Given that we estimate the UK

[continued on page six]

[continued from page five]

education S/ITS market grew by just 3% in 2005, RM's performance means it continues to take market share, and consolidate its position as the leading supplier of S/ITS to the education market. Gross profit margins improved in both infrastructure and education, with RM reporting a two point improvement to 28.1% for the group as a whole.

RM plc FYE 30th September	Gross profit margin	
	2005	2004
Infrastructure s/w and services	28.6%	28.4%
Education s/w and services	59.4%	52.0%
Hardware	16.0%	15.0%
TOTAL	28.1%	26.0%

The outlook is encouraging too. The company enjoys improving revenue visibility due to longer-term contracted revenues (around a third of FY06 revenue is already secured), and is well positioned to benefit from the government's £45bn Building Schools for the Future (BSF) initiative to rebuild or refurbish all English secondary schools. Indeed, in October, RM won preferred bidder status for a £6.4m ICT contract with Solihull Council, the first contract to be awarded under the initiative, and today confirmed that it has been shortlisted for every project that it has submitted bids for.

RM is committing c£4m in FY06 to bidding for ICT contracts under BSF - whilst this will impact profits growth in the current year, it could lead to significant growth in 2007 and beyond. Crucially, BSF will provide the winners with long-term visibility of revenues, as many projects will be for multi-year, managed services. Given the size of the opportunity that BSF represents, RM is right to be investing heavily - investors, however, will be need to be patient.

(Heather Brice)

9%
1000p

detica

DETICA INTERIMS SPARKLE

Specialist IT consultancy **Detica** has announced interim results for the six months to 30 September 05. The results, presented under IFRS, show revenue up 35% to £42.5m, operating profit up 19% to £4.3m, and PBT up 18% to £4.6m. Diluted earnings per share rose 43% to 18.0p, including a 3p per share impact of prior year R&D tax credits. The interim dividend is up 19% to 2.5p.

Detica also announced a couple of acquisitions. The largest was that of privately-owned **Evolution Group**, an IT consultancy specialising in the capital markets sector, for £8.5m cash. Evolution has 105 staff, turned over £8.8m in the year to end August 05, and reported a PBT of £0.6m. Detica expects the acquisition, which should complete in January, to be earnings enhancing in the first full year post acquisition. In addition, Detica announced the acquisition, completed last month, of a small company specialising in the supply of electronic equipment to the national security market. The maximum consideration for this 5-person company is £0.6m.

Comment: Detica's H106 results show a company still on form, with a strong agenda for growth. Both the government and commercial divisions posted double-digit increases in revenue - 44% and 17% respectively - with commercial achieving c8% organically. Detica's operating margin dipped to 9.8% (compared to 11.1% in H105), as it continued investment in its US operations and its internet content security subsidiary, StreamShield. However excluding the impact of these two initiatives, margins in the 'core' UK business held steady at 14.8% (H105: 14.9%).

Detica's 'home territory' (UK national security) provided it with excellent growth in H1, with revenue up 48% to £25.2m, whilst the remainder of its public sector activities (principally in central government) rose 28% to £4.8m. CE Tom Black commented that Detica's growth means that the company is increasingly regarded as "credible" for major SI assignments.

In commercial, TMT was the star, with 123% growth to £6.0m, whilst in Financial Services (FS), Detica reported *"good growth"* in

[continued on page seven]

[continued from page six]

Detica plc Six months to 30th Sept	H1 06			
	Core UK	US	StreamSheild	Group
Revenue £m	43.5	-	-	43.5
Operating costs £m	-37.1	-0.3	-1.8	-39.2
Operating profit £m	6.4	-0.3	-1.8	4.3
Operating margin	14.8%	n/a	n/a	9.8 %

retail banking and insurance, and a "*strategic*" contract win with the Insurance Fraud Bureau (a body being established by the UK insurance industry in early 2006). The contract, which sees Detica providing advanced data analysis techniques to detect fraud, is worth £3.4m over five years. It also shows, once again, that Detica is adept at spotting a problem (in this case the difficulty of detecting fraudulent behaviour in huge volumes of data) and creating a solution, which it then takes to a potential client. The core data analysis techniques are clearly portable - indeed the company commented that it is in discussions with a number of other potential clients, for similar offerings based on this IP.

Going into H206, Detica's FS practice also receives a boost from the acquisition of city-based IT consultancy Evolution. Evolution effectively doubles Detica's FS practice, and with a focus on capital markets, complements the company's existing retail banking customer base. Based on recent financial results, Evolution's margin is well below that achieved in Detica's UK core business, so there's clearly room for improvement. Combining the businesses will create some economies of scale, but the management team has plenty of other ideas that will help drive margins up. Given their success to date in integrating acquired companies, we have little reason to doubt that they will do the same here.

Turning to the outlook, Detica's government business continues to perform well, and the addition of Evolution and Extraprise (in April 05) will help drive what is already above average growth in the commercial division. Add to this a growing presence in the US, where Detica now has the necessary approvals to contract direct with US Government for national security projects, and prospects for StreamShield, as it moves into commercial roll-out, and FY06 is shaping up to be another good year.

(Heather Brice)

EDS IN EMEA - CONFIDENCE REBUILT

Our recent meeting with the EMEA leadership of ***EDS*** *revealed a company that has rediscovered its optimism. Contracts won over the last 12 months in the EMEA region have sent a message both to the market and, equally importantly, to headquarters in Texas, that EDS in EMEA is back as a vigorous and formidable competitor in the European outsourcing market.*

If there was a theme to this most recent meeting with EDS it was the well-worn one of globalisation making the world a smaller place and making international competition more prevalent. References were made to the apparently stark contrast between productivity gains made in the US over the last decade compared to the performance of the UK and European economies. Few IT services companies can speak about such lofty macroeconomic trends without provoking a 'so what?' reaction.

However, EDS has good reason to concern itself with macroeconomic trends. This is most obvious when one looks to its historical and its more recent track record of signing enormous central government contracts. From this point of view, EDS is playing up to its competitive advantage as one of the very few companies willing to take on the hugely complex and risky business of running central government IT functions.

That this is a risky business is shown by EDS's experience of well-publicised contracts that have gone sour. The most recent of these was the announcement that EDS has reached a settlement with the UK's HM Revenue and Customs, and will

[continued on page eight]

[continued from page seven]

pay compensation of £71 million to this client (EDS had already lost the renewal of this £2 billion contract to Capgemini in 2004). In return for that risk, there is considerable reward: this bad experience did not hold the company back from winning several UK government contracts since then, most notably when it led the Atlas Consortium to a $7.6 billion victory at the UK Ministry of Defence in March 2005.

Under the skin

So much for grand strategy, how about real changes to make EDS a more appealing supplier? On this count, EDS has several qualities to shout about and a few more works in progress.

Worth shouting about (and it is learning to do this well with increased attention being paid to marketing) are its Agility Alliance and its initiatives in the industrialisation of its service offerings.

- **Agility Alliance.** In essence, EDS is quite a simple company - it manages its clients' IT systems. To do this well, it needs co-operation from a number of technology partners, ten of which it has grouped together under the Agility Alliance banner. Shared R&D investments (three centres), joint product development (EDS's global network is based on MPLS technology developed in co-operation with Cisco) and collaboration on bids (Cisco, EMC, Microsoft and Sun worked on the successful bid at Royal Ahold) are all factors that make this one of the most remarkable partnership strategies in the services world. Combined with its simplicity of purpose, the commercial weight of the Agility Alliance puts many of its competitors' partnership efforts in the shade.

- **Service Portfolio Industrialisation.** Again, EDS is not alone in its efforts to drive more automation and scalability into the way it delivers services to clients. All its peers are at it, but EDS is distinct in that it started what is a very complex task earlier, and at EDS it is a fundamental part of the corporate multi-year plan that is driven by the CEO to put the whole company back on track. This kind of executive sponsorship is required to drive such a fundamental change to operations, and its competitors either do not enjoy such a sense of urgency in their efforts or have received it later.

Works in progress include the company's positioning in the BPO market and its business in continental Europe.

- In terms of BPO, EDS does have a joint venture with Towers Perrin to offer HR BPO, and Towers Perrin is indeed one of its Agility partners. This notwithstanding, EDS's positioning in BPO in EMEA comes across as less mature than its peers and an area requiring further consideration.
- In Continental Europe, EDS has much more presence than is generally assumed. Clients are more distributed than in the UK, with public sector clients balanced with large clients from the retail, financial services and transport industries. Our understanding is that the European operations stopped a loss-making cycle in 2004 and are on track to record a profit in 2005. This is good news, but special effort will be required to sustain this positive trend on the continent, especially if EDS is to take advantage of positive (if still cautious) trends developing in France and Germany.

Swings and roundabouts

Deserved or not, EDS has a reputation for taking no prisoners. Perhaps the most revealing anecdote from our recent meeting was the complete turnaround where EDS now believes it has strong prospects among CSC clients, partly due to recent uncertainty as to the future of CSC's ownership. Only 18 months ago, this situation was reversed and it was CSC expecting to take advantage of a weakened EDS. Given all the structural change currently under way among the large IT services companies (for example, detailed rumours about two large Europeans combining, and substantial redundancy programmes are under way at numerous suppliers), EDS emerges on balance as one of those most likely to take advantage of its competitors' current difficulties in the EMEA region.

(Phil Codling)

2%
73p
KEWILL

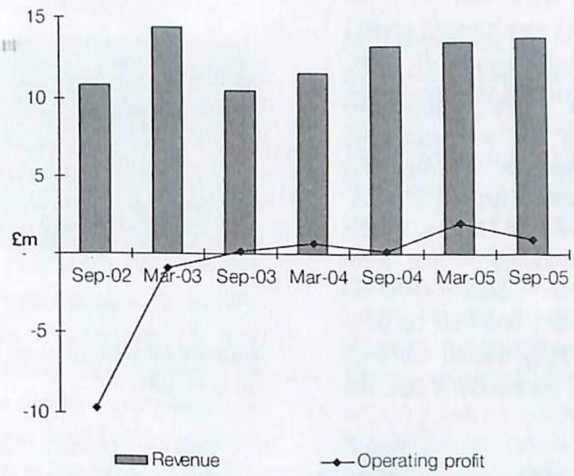
KEWILL KEEPS MOVING DESPITE A CHALLENGING MARKET

In the six months to 30th September, supply chain and shipping management software and services specialist, **Kewill Systems** showed group revenues of £13.7m (up from £13.2m last year). Kewill's operating profit was £919k (up from £657k) and net profit of £1.21m compared to £1.32m last year; the year-ago net profit includes a one-off gain of £270k from discontinued operations.

As the chart shows, Kewill has made steady progress since it exited the ERP market and went through a major reorganisation in 2002. However, growth is relatively slow and though consistently profitable, the level of profits could be higher.

Nevertheless, these are encouraging results given the market conditions that Kewill describes as *"challenging"*. Its Shipping Management division saw a decrease of 4% in revenues to £5.0m, despite an increase in its enterprise level sales of 11% (the decline being due to fall off in SME business). However, its international trade management business (formerly known as Tradepoint) did well and grew by 10% to £3.9m, winning £1.7m of new sales.

Its Order Management and Visibility division increased sales by 8% to £4.7m. Kewill describes the UK retail sector as "flat", though it has had some successes, notably extending its business with Sainsbury's where it manages over 3,500 suppliers. Kewill's acquisition of Perwill during the period brought it new customers in the insurance, financial services and food services sectors - not to mention £0.5m of sales for the last three months of the period. Without this, Kewill's total revenue would have been flat.



Since Kewill has a fair amount of cash for a company of its size - £18.9m as of 30th September - further acquisitions seem to be on the cards. Indeed, after the end of the half-year, it bought Interchain Holding BV for £6.8m net of cash, but there are earn-out payments that may increase the purchase price. We would not be surprised to see more of the same.

These are the first results that Kewill has reported using IFRS, though it has gone back and re-stated the interim results for a year ago as well as the entire year. One immediate effect is the removal of the amortisation of goodwill, which lifted reported net profits by £620k for the six months just closed and by £690k for the re-stated equivalent period last year. Kewill did write off £97k of intangibles for the period just expired, which we presume is the result of the impairment test now required. On one of the other controversial areas of IFRS, Kewill says that the capitalisation software development actually had no material impact on its results.
(David Bradshaw)

19%
90p
Glotel.

GLOTEL OFF TO A POSITIVE START IN FY06

Glotel, a UK-headquartered ITSA with established overseas operations, has announced interims for the six months to 30th September 05 revealing organic revenue growth of 18%, taking turnover to £68.7m. Profits are also heading in the right direction with operating profit up 77% to £1.9m, and PBT up 61% to £1.7m. Fully diluted earnings per share, previously 1.8p, are 3.1p.

Commenting on the outlook Chairman Les Clark said: "*The business has strengthened and we now have major platforms for growth in all of our markets.We expect a further improvement to trading in the second half*".

Comment: Glotel's strong performance in H106 is a reflection of its focus. The company specialises in providing telecommunications and networking staff, and has an established presence in the US, and increasingly, Asia-Pac. Improving market condition in the telco sector has meant greater opportunities, with the company reporting that telco clients now account for 63% of gross margin, up from 54%.

Glotel Six months to 30th Sept	H1 06			
	EMEA	US	Asia-Pac	Group
Revenue £m	28.7	28.6	11.4	68.7
Operating profit £m	0.4	1.7	0.5	1.9
Operating margin	1.4%	5.8%	4.8%	2.7%

In addition Glotel's overseas operations delivered good results - sales in the US were up 18% to £28.6m, and the decision to discontinue some "very low margin" business, led to an improved operating profit (up 45%) and margin (up from 4.7% to 5.8%). Meanwhile sales in Asia-Pac doubled to £11.4m, and the profits story was also encouraging, with operating profit up 115%.

However, closer to home Glotel is finding the going tough. Sales in EMEA were static, and margin remains thin at 1.4%. Whilst non-UK sales increased 14%, the UK experienced a 2% decline compared to H105 and the company reports continued pressure on gross margins. The bright spot within the UK performance was clearly public sector sales, which now accounts for 40% of gross margin in the region.

Despite the fact that Glotel's UK revenues dipped a couple of percentage points compared to H105, the signs for the full year look good. UK sales have actually risen compared to the second half of FY05, and activity levels across the group are high. Of course pressure on gross margins in EMEA is not going to go away, but Glotel's strategy of building an international footprint, and playing to its strengths by servicing the telcos stand it in good stead for the year as a whole.

(Heather Brice)

6%
37p
DIMENSION DATA

DIMENSION DATA: THE WRONG TYPE OF GROWTH?

South Africa-based reseller Dimension Data had a good FY 2005, with strong top-line growth of 15% overall and some noteworthy progress on profits, with the operating margin (before associates and goodwill amortisation) doubling to 2.3%.

Comment: Here's the catch: the key growth driver remains product reselling, revenues from which were up 16% on a constant currency, like-for-like basis. The company's services revenues just can't keep up. Managed services (including the Merchants call-centre business) grew by 15%, and professional services (i.e. consulting and integration) by 11%. All in all, product revenues increased as a proportion of the whole from 62% in FY 2004 to 64%. There's no indication from H2 that this trend is reversing. But the mix really needs to be going in the other direction. Otherwise, Dimension Data will find it hard to push margins much higher than they are today. And it'll also be heavily exposed to the drop off in growth being experienced by its chief

[continued on page eleven]

[continued from page ten]

product partner, networking bellwether Cisco.

Aside from these strategic challenges for Dimension Data as a whole, the European business has had a particularly rough ride. In H1 it was Germany and Sweden causing the problems. In H2, Switzerland and Italy were to blame. Overall, revenues from Europe grew by just 1% to $450m in FY 2005, and the operating margin dropped to just 1.5%. Part of the company's strategy for growth is to sell pan-European (and indeed inter-continental) services to its large corporate customer base. But if relatively small geographies are proving troublesome, Dimension Data might be best advised to look for selective disposals, and then work with local partners.

Meanwhile, the company is addressing the problems in continental Europe by amalgamating its operations here with the UK, under a single Chief Executive for the UK and Europe region. This won't be an instant fix, not least because the $247m-revenues UK business is itself experiencing a squeeze on margins thanks to its reliance on reselling in large volumes to large customers. But the organisational change is at least removing some duplicated costs.

Perhaps Europe could learn a thing or two from Dimension Data's performance on its home turf. Revenues from Africa (predominantly South Africa) grew by 13% and, with 9% margins, the region accounts for 69% of the company's total operating profits. The key here is not just the company's leadership position in the market, but also its emphasis on services, which account for two-thirds of all its African revenues. The company knows it has a lot of work to do if it is to match such success in the UK and Europe. *(Phil Codling)*

EDS: POSITIVE SIGNS FROM Q3

As you'll see elsewhere in this month's SystemHouse, our recent discussions with EDS have confirmed that there are plenty of positives in the company's current direction and prospects. The Texan giant's improving financial performance also supports the view that things are looking up.

The key points from Q3 included: a strong deal performance taking year-to-date signings to $15.2bn (up 43% on the first three quarters of 2004); pro forma earnings per share exceeding expectations at 19 cents; improved free cash flow (up by $126m to $440m); total revenue at $4.9bn in line with expectations (flat on an organic basis, or up 3% including acquisitions); EMEA revenue up 6%, compared to a flat performance in the Americas.

Meanwhile it looks like there's some closure in sight in the AT Kearney saga. EDS has signed a non-binding MoU with senior management at ATK and hopes to finalise the deal by the end of the year.

Comment: The much improved contract signing numbers are as good an indicator as any of EDS' progress, and it's clear that the company's once-dire win rate is picking up. It's true that EDS isn't exactly steaming ahead yet. The company's expectation of $20bn in revenue for the full-year would be a drop of 3% on 2004 (although that drop is just 1% if we add back in ATK's revenue of $0.4bn). But we're looking at an increasingly healthy and stable company.

As for the UK business, we expect a roughly flat 2005. The massive DII renewal is set to boost the top-line, and virtually guarantees double-digit growth for EDS UK in 2006. That'll be the first time EDS has increased its market share in the UK since 2001. And this time around, it appears to be able to grow on a much more sustainable basis.

The near-resolution on ATK is good news too, for both parties. Divesting Kearney means EDS gets shot of a loss-making operation. The outsourcer has significant IT consulting capabilities under the covers and the Kearney spinoff should give these guys more sunlight. EDS and ATK will continue to co-operate. Kearney gets a contract to "provide management consulting services to EDS and to EDS clients", and the two will conduct joint marketing activities. Our only fear is that this formal co-operation might hold EDS back from working with other management consultancies. But Kearney is a pretty specialised operation, so that's a low risk.
(Phil Codling)

CSC STAYS SOLID THROUGH RUMOUR AND SPECULATION

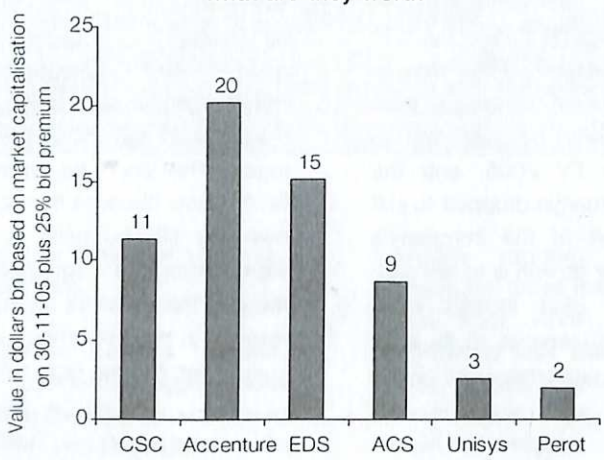
The quiet man among the large US-based service providers has been experiencing more of the spotlight of late than it is accustomed to. Sadly for CSC, much of the attention has been unwelcome. Rumours over a potential bid for and break-up of the company first surfaced in late October. Within a month the whole affair essentially blew over as the rumoured bidders (led by a group of private equity firms) were reported to have backed away. CSC's share price promptly fell back below the $50 level.

The danger with rumours like these is that they can unnerve both customers and staff. In the long-term outsourcing game in particular, the last thing you want to hear is lingering doubt over the company's future shape and direction. The irony in CSC's case is that the company remains one of the most solid and reliable performers in the IT services market.

The company's Q2 results, released on November 3rd, once again underlined this overall solidity. Total revenue in the quarter was up 5% on Q2 last year. EBIT margin was up a smidgen from 5.7% to 6.0%. A strong performance from the federal business helped the US operations grow by 9%.

Europe remains, however, something of a problem child for CSC. The region experienced a 5% drop in dollar-terms revenue to $984m. So far this financial year, Europe has managed just 2% growth, versus 9% for the rest of the company. It continues to cite softness in Germany and Italy as the main causes. We feel CSC's lack of real scale in such markets is holding it back.

Large US-based service providers: what are they worth



The one major European market where CSC has genuine scale - the UK - helps to prove the point. On the basis of the evidence so far, we suspect the UK operations of CSC will grow at above-market rates again this year. That said, it's hard to see them matching FY05's 13% growth performance. That means fast-growing Accenture stands a good chance of "over-taking" CSC in our UK rankings.

Do we think other bids will surface for CSC? No doubt they will - like just about everyone else these days, the company is in truth perpetually "in play", although its reported demands of a minimum of $60 per share (or upwards of $11bn) as a basis for negotiations should help to keep away the timewasters! That said, while consolidation among mid-sized players continues (we're thinking here, for example, of LogicaCMG + Unilog), it's also clear that large services acquisitions are still being approached very cautiously. We should remember that nobody was proposing to buy and merge CSC lock, stock and barrel. Purchases of such a scale in services are simply too risky and difficult for most other IT services firms to consider. And harsh lessons have of course been learned by some. However, recent events have underlined the interest among private equity firms in using leveraged buyouts to extract more value from the maturing S/ITS market. The assault on CSC may not have worked this time, but such firms will continue to hunt for large-scale opportunities in our sector on both sides of the Atlantic.

(Phil Codling)

HP SERVICES REVENUE GROWTH SLOWING

HP has released its Q4 results, delivering a 7% (6% when adjusted for the effects of currency) increase in net revenues on last year to $22.9bn ($86.7bn for the twelve months). EBIT margin dropped from 6% to 1% (including restructuring charges). Net income was $416m, down from $1.1bn.

Across its main divisions:

• **Personal Systems Group** (PCs, laptops) increased revenue by 9% to $7.1bn (31% of total sales). Operating margin improved from 1.2% to 2.8%.

• **Imaging and Printing Group** increased revenue by 4% to $6.8bn (30% of total sales). Operating margin declined to 13.2% from 16.6%

• **Enterprise Storage and Servers** increased revenue by 10% to $4.5bn (20% of total sales). Operating margin improved to 9.1% from 2.5%.

• **HP Services** increased revenue by 6% to $3.9bn (17% of total sales). Operating margin dropped to 8.3% from 10.2%.

Within HP Services, Managed Services (the outsourcing business) grew 9%, Technology Services (support services) grew 4% and Consulting and Integration grew 11%. Although there has been revenue growth across the board, it has slowed throughout the year. In Q1, services grew 20% year-on-year. In Q2 it was 14%, in Q3 10% and now, in Q4, 6%. So clearly, CEO Mark Hurd's concern should not only be margin, but revenue growth too.

With regards to profit, the trend is also one of decline. In Q4 2003, operating margin was 12% for services. Last year it slipped to 10%. Hurd has again blamed bonus payments for the hit on margins (as he did last quarter). Excluding these, managed services produced its best margin performance in two years, C&SI its best in three years and maintenance its best this year. Of course, the solution isn't just to stop making bonus payments! The solution is to improve operational performance. HP intends to do this by making improvements to the delivery model and investing in lower cost locations. Hurd is also going to axe 800 more jobs than originally intended, taking total job losses to 15, 300.

In the UK

After HP released its results, we caught up with Gerry Sheridan, Vice President, HP Services UK and Ireland to get the low-down. Overall, Q4 was a strong quarter, where the company progressed well against some important objectives. During the year, HP has bagged some decent deals. We note the seven-year Foreign & Commonwealth Office contract, reportedly worth £180m and announced in February 2005. HP also saw something come of its alliance with BT in the form of a deal with Hertz Europe (covering a range of IT and networking services and the support of more than 5,000 desktop devices, 3,000 printers and 148 servers).

But the larger deals aren't coming through in the same numbers and for HP, like many others, those that are coming through tend to be renewals. So HP, again like its peers, is up against the incumbent provider on many occasions. One way it hopes to successfully tackle this situation is by broadening the way in which it engages with partners. This is a sound approach that will give HP more 'entry' points into customers. It also emphasises, however, that HP needs to focus on being proactive with customers; it really must retain those contracts where it is the incumbent.

HP will use its consulting business as a way to gain entry into certain verticals. Top of the list is telecoms and financial services - and to a lesser degree, public sector.

HP software in the black

HP's software division had fourth quarter revenue of $311m, an increase of 11% on the previous Q4. It had an operating profit of $27m compared to a loss of $7m the previous Q4. For the year, the software group had revenue of $1077m (up 15%) but an operating loss of $59m, compared to a loss of $156m the previous year.

This is the first operating profit we can remember from HP's software division, and HP seems

[continued on page fourteen]

[continued from page thirteen]

very pleased with itself over it. CEO Mark Hurd said that revenue growth was the major driver of the unit's profitability. But the *"breakeven point went down by $5m quarter-to-quarter. It would have been profitable even if the break-even point had stayed the same. We worked at both at the same time."*

While we congratulate HP on its performance, we urge a little caution before popping the vintage Champagne. First of all, it is only one quarter and, being Q4, it is also the quarter that HP tends to get the best result. Secondly, the operating profit is net of HP's corporate overheads - and this includes nasties like a $1.57bn restructuring charge and a $136m write-down of purchased intangibles. We suspect a portion of these charges would apply to the software group, potentially taking it into a loss for the quarter.

HP expects to close its acquisition of Peregrine in the first calendar quarter of 2006. Even though Peregrine is comparatively small (sales just short of $200m), any acquisition will take up management attention. HP is therefore wise to have got its software house in order ahead of this.

(Kate Hanaghan/David Bradshaw)

4%
292p
phoenix

PHOENIX IT CONTINUES UPBEAT PERFORMANCE IN H1

Phoenix IT, the support services player with a partner-based model, has had another period of good growth and profitability. For the six months to end September 2005, revenue increased 32% (14% organically) to £54.8m, profit (before share option charges and amortisation of acquired tangibles) increased 37% (12% organically) to £11.3m. Diluted EPS was 10.1p versus 11.0p last year.

Nick Robinson, CEO, said: *"The high degree of visibility provided by the recurring nature of our revenues and level of the order book gives us confidence in the performance of the Group for the year as a whole."*

Comment: Another round of applause for Phoenix's margin performance! The on-going business (i.e. stripping out the acquired **NDR**) sustained an operating margin of over 19%. Including NDR, operating margin is up to 20.6%. The good news for Phoenix is that there is still good growth around services that offer the higher margins - for example, remote management and security. Over the past three years or so, Phoenix has been moving its focus away from desktop support services, which have become a more commoditised business; it is a move that has served it well.

There is a little on-going uncertainty around the outcome of the large (£12m per annum) contract with the DWP. Phoenix is working in partnership with BT (on the networking side of the deal) and EDS (on deskside) but is yet to hear the outcome. In addition, the company has said that it's likely to see a reduction in profitability compared with the existing contracts. We would expect to hear more on this very soon, especially in view of the fact that the existing contract expires at the end of the year. Time is clearly running out.

More generally on contracts, renewal rates have been strong and Phoenix has a dedicated resource working at introducing its new business continuity capabilities to partners. We're optimistic that Phoenix stands to make good gains by incorporating this into its range of support services. However, we expect it to be some time before we start seeing the results filter through. The NDR business now has a new leader in place (Dennis Thomas, ex-Synstar). The BC outfit had been suffering margin decline over the years, but it is hoped that Thomas' reinvigorated strategy will turn this around.

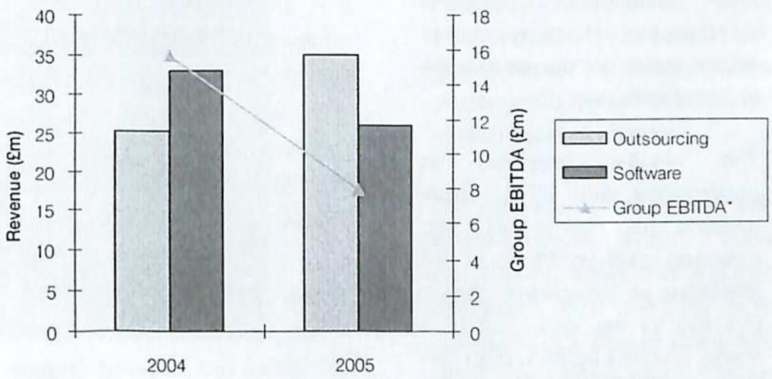
The other interesting point to be made is with regards to the company's relationship with the offshore players. It now has framework agreements with five of the top seven companies. Its almost unique partnership model maps very well onto a combined offshore/onshore approach. Certainly we think Phoenix is ahead of many of its peers when it comes to this. Phoenix IT's role in this instance would be to provide onshore 'feet on the street' support within a larger offshored contract. We sense an air of inevitability around offshore and support services. Phoenix, it seems, is well positioned should this really start to take off.

(Kate Hanaghan)

LOSSES DEEPEN AT THE INNOVATION GROUP

The Innovation Group (TIG), announced disappointing preliminary results for the year to 30 September, as well as a strategic reorganisation. Looking at the detail, revenue increased to £61.0m from £58.1m last year, with outsourcing rising to £35.0m from £25.2m last year. Meanwhile, software fell to £26.0m from £32.9m.

The Innovation Group revenue split by division



*Earnings before interest, tax, depreciation, amortisation, research and development, central costs and exceptional items
Source: The Innovation Group

The loss before tax grew to £11.3m compared to £7.3m last year, while the net loss was £12.9m compared to £8.5m. However, TIG had a net cash inflow of £8.9m for the year after amortisation of £14.3m is added back in.

Comment: Performance in the UK was the main disappointment for TIG in this period. Revenue from the UK fell 46% to £13.6m, due to the lack of new software licence sales, and partly due to the ongoing delays on three large contracts that TIG experienced in the second half of the year.

The UK was the only country to see its sales decline, although the results mask the growing revenues from the UK outsourcing business, which are up c15% on the back of growth in transaction volumes from existing clients.

Clearly, international growth is key going forward, and that is why CEO Hassan Sadiq is merging the software and outsourcing divisions into a single global client-facing organisation. The re-organisation also reflects the new dynamics of the business: Eric Wandsworth, former BPO COO will become COO for the group as a whole, pushing through an increasingly outsourcing-led strategy in its key territories (US, Germany, South Africa and UK); meanwhile Ed Ossie, former COO of the software group moves to a new role in charge of the company's five-year IBM partnership, which will be the key software sales channel for TIG internationally.

Overall TIG is still struggling with its nascent positioning as an end-to-end insurance sector BPO player, and must deliver on its promises that the software business will return to growth. Although its outsourcing business has helped to bring recurring revenue up to 67% of sales, is strong in South Africa, and very promising in Germany and the US - TIG will have to prove it can stem the declines in its software revenue to convince us that it is core to the success of its BPO proposition. *(Samad Masood)*

[continued from page eleven]

16%
296p
comino

COMINO POSTS AN IMPROVED PERFORMANCE IN H106

Comino, provider of solutions for local government, social housing and occupational pensions administration, has announced interim results for the six months to 30th September 05.

The results, prepared in accordance with IFRS, show revenue up 7% to £13.1m, operating profit up 9% to £1.2m (excluding an exceptional charge in H105 for the settlement of a claim), and PBT up 65% to £1.4m (or 12% excluding the exceptional charge). Diluted earnings per share are 6.8p (4.1p), and the interim dividend was up 20% to 3.0p.

Commenting on the outlook, David Quysner, Chairman, said: *"Order books are healthy and our major markets continue to provide significant opportunities for growth. Comino is well positioned to complete the present year successfully"*.

Comment: Comino has a number of reasons to be pleased with its performance in H1 - revenues, profits and margin are all heading in the right direction, and cash flow was markedly better than in H1 05. Comino secured a 24% increase in the order intake for products and services during the period, and the closing order book finished 44% higher.

Comino Six months to 30th Sept	Turnover £m		
	H106	H105	Change
Local government	6.2	6.3	-2.7%
Social housing	4.2	4.0	6.4%
Occupational pensions	1.1	0.9	28.7%
Comino software solutions	11.5	11.2	2.9%
ISP and network solutions	1.5	0.9	61.1%
Project costing	0.1	0.1	-44.1%
TOTAL	13.1	12.2	6.8%

Comino has continued to win business within local government, in established areas such as Revenues & Benefits, and Planning departments, adding 15 local authority systems during the period. It also extended its reach within a number of existing customers, such as East Devon, South Staffordshire, and Liverpool City Council.

In Social Housing, Comino picked up a major contract with Manchester City Council, the first phase of which is worth £2m, and in Occupational Pensions the company won a "significant" new installation with the Church of England Pensions Board.

Comino's products - especially workflow and electronic document management - mean the company is well placed to assist local authorities as they attempt to 'join up' departments, and share information relevant to areas such as revenues & benefits, housing and social care.

However, whilst many in our industry might be satisfied with 7% organic growth, we think Comino could do better. The local authority S/ITS market is growing much faster, and Comino must be sure to get its share of that opportunity, if it is not to find itself losing ground. The company can continue to go it alone, but ultimately, we think that Comino will end up in the hands of a rival S/ITS player, looking to add to its IP and customer base in the local authorit-y market.

(Heather Brice)

CAPGEMINI UK SEES Q3 REVENUES RISE 17%

Capgemini reported another strong quarter of growth in the UK and Ireland last month, with revenues up 14.6% in euro terms to reach euro 432m for Q3 2005. In sterling terms, we calculate that revenues rose 16.6% to £295m.

Group CFO Nicolas Dufourcq praised UK consulting and systems integration chief Mark Porter for delivering a major improvement in utilisation and revenue growth in his business during the quarter. Porter's division saw revenues grow by 14% during Q3, and utilisation improved by 10 percentage points the previous year. Dufourcq wants utilisation increased still further.

But outsourcing is the real UK story. The UK now brings in 44% of all Capgemini outsourcing revenues, making it by far the largest outsourcing operation. Indeed, the UK is Capgemini's largest territory in overall revenue terms, thanks to rampant growth from the Aspire outsourcing mega-deal with HMRC (formerly Inland Revenue).

Comment: Overall, the Q3 revenue growth rate is impressive, even if well down on the preceding four quarters that saw growth around the 62% mark. Dufourcq said Capgemini is doing "*very big*" project work associated with the Aspire outsourcing mega-deal, so Aspire was still driving growth at Capgemini UK during Q3. That's despite being on tap for its fifth successive quarter during Q3! We understand that the project work involves helping with the integration of Inland Revenue and HM Customs and Excise systems.

Aspire isn't just about running an IT infrastructure and managing some big applications, however efficiently. It's also a major IT change story, one that involves Capgemini selling IT consulting and systems integration work over and above the original contract. This is transformational outsourcing in action, with outsourcing feeding revenues in consulting and systems integration. But surely Aspire can't drive double-digit UK growth forever - at some point it's simply got to run out of steam, or at least pause for breath.

We suspect that 2006 will see Aspire revenues stabilise or even start moving down, meaning that Capgemini must find new work elsewhere. It's started doing this with the seven-year, £350m Metropolitan Police outsourcing contract.

Capgemini has logged revenues of £1.15bn over the last four quarters, and its full-year 2005 revenues may well be more, given that Aspire still seems to be generating growth. That might be enough to move it up our UK IT services league table from number eight to number seven (replacing Capita) or to number six (replacing BT). But it's got to find a new source of momentum if it's going to threaten the top five.

(Douglas Hayward)

ATOS ORIGIN LOWERS 2005 GUIDANCE FOLLOWING Q3 RESULTS

Atos Origin last month announced its revenue growth for its 2005 third quarter. Global revenue grew by 4.1%, although organic growth at constant currency was 9.4%. There was a mixed picture from the key geographies, with France (up 18%) and Germany/Central Europe (up 101%) growing strongly, but UK revenues showing a 5% organic drop to euro286m. in sterling terms, we reckon that UK headline revenues were £196m during the quarter, but the true total is arguably somewhat higher when we incorporate a major UK contract that's being invoiced in France (see below).

While not revealing details of its profitability in the quarter, as is customary, Atos Origin said that its strong operating performance had enabled net debt to be reduced from euro363m at the end of Q2 to euro290m by end of September. It re-iterated the target of euro200m by year end.

Overall the company revised its guidance for 2005 revenue growth from just above 8% to "*slightly below 8%*". Operating margin is now forecast at "*slightly*

[continued on page eighteen]

higher than 7.5%", which is at the lower end of previous guidance.

Comment: Globally, the culprit for the downward adjustment in full-year guidance was the Atos Euronext Market Solutions (AEMS) payments-processing venture, which encountered higher initial integration costs and slower revenue ramp-up than expected since expanding its scope back in July. Nevertheless, we believe this to be a hiccup, and we think AEMS looks like good news for the UK, where much of its growth is expected to occur.

Atos Origin UK is underweight in financials services, and AEMs gives it a strong story in a market segment that Atos believes will grow quickly over the near and medium future. In fact, a big chunk of AMES revenue earned in the UK is booked to Atos Origin France for accounting reasons. Worldwide CFO Eric Guilhou told analysts that had those AEMS revenues not been booked to France, the UK would have seen 5% growth instead instead of a 5% decline (and France's growth would have been cut to 8%). So, the UK did rather better than the top-line figures suggest.

To be fair, the top-line UK revenue drop was expected; it was produced by the end of a large, one-year call centre contract, so it shouldn't cause alarm. However, with a 2.6% organic decline (or 4.4% decline in total) in the UK so far this year, it's clear that Atos Origin isn't currently getting anywhere closer to its long-term goal of being a top three UK player, which would involve almost doubling its current revenues.

The subsidiary is failing to outperform the market as a whole, which can only be described as disappointing. Indeed, it's likely to have lost ground on the likes of Accenture, Capgemini, CSC and Fujitsu when we tot up the estimated 2005 numbers of leading UK players later this year. Surely an acquisition beckons, although the timing of this is outside of Atos Origin's hands.

(Phil Codling and Douglas Hayward)

DELL SERVICES CONTINUES ONWARD MARCH IN Q3

Dell has announced Q3 revenue growth of 11% to $13.9bn and an operating margin of 8.6%. In EMEA, year-on-year growth increased 19%, but the UK specifically suffered due to *"slower spending in the public sector"*. "Enhanced services" revenue increased global by 36% to $1.2bn.

Comment: Dell's UK business continues to have *"excellent profitability"*, despite some disappointment at the top line. However, it's not just in the public sector where spending has caused problems - the larger commercial accounts were said to be *"stagnant"*. Dell has responded by reducing headcount and making sure it's executing as well as it possibly can.

The services part of the EMEA business, which is the part we're interested in, continued its onward march with a 72% increase in revenue. The fastest growing of its services are managed services (covering deployment, installation and management of IT infrastructure) and professional services. So far, the focus of managed services has been Dell's larger accounts.

But, as we have warned before, Dell is not going to stick to just serving the larger customers (current example includes Ford and Philips). It has today reiterated to us that *"over time"* it will move down into the *"mid-range"*. Indeed, it has already done some 3000-4000 seat deals (Cable & Wireless is an example). When it does start its move down, it is likely to expand the range of suppliers it works with - outside of Unisys and Getronics, which were originally chosen because of their multi-country presence. That said, we still think Getronics and Unisys will be well placed to pick up additional work when it starts coming on-stream.

(Kate Hanaghan)

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Strategic Thought	Line International Ltd	Provider of risk management software	100%	Initial consideration of £1.2m	The acquisition provides Strategic Thought with a complementary product and very little overlap in the companies' customer base. It is estimated that Line will contribute at least £250k in additional earnings for the year to end April 2007
MessageLabs	Omnipod	A US-based enterprise instant messaging service provider	100%		MessageLabs should be able to speed up the development of Omnipod's services and meet the need to put both email and instant messaging under the control of consistent policies and centralised archiving. It will extend the range of instant messaging networks that its clients can interact with, to include all the major public networks and platforms that are used for corporate IM services. We expect that Voice over IP and various mobile messaging technologies will come into the fold later, but there are significant technical challenges in bringing voice traffic into a text based management regime, and so the integration will remain "lumpy" for the foreseeable future. However the notion of a single managed communications service working under consistent policies will be attractive to many organisations.
BT	TNS	A corporate, public sector and solutions provider based in Oswestry in Shropshire	100%	N/a	In terms of monetary value, this acquisition is hardly significant for BT, but it nevertheless is indicative of a trend which we think will grow. BT's logic behind the acquisition is that it will add capability and market coverage in LAN, IP telephony, wireless networking and security, and extends BT's position in the LAN services market. The TNS acquisition is more about the ramping up of existing skills than seeking new wisdom, capabilities or geography. The additional resource will undoubtedly support the IP Converge proposition BT announced last month, which is designed to facilitate enterprises migrating their networks over to a single platform and to add IPT functionality.
Autonomy	Verity	A provider of search products and an Autonomy competitor	100%	A deal worth approx $500m in total	Verity is by far the larger company in terms of revenues, with total annual revenues for 2004 of $124m compared to Autonomy's $65m. However, over the last 18 months, the market has become a far more competitive place, with players such as FAST demonstrating substantial growth. Both companies are beginning to recognise the threat of market giants such as IBM and Google, and this acquisition marks the beginning of a period of consolidation that we expect to match that in the content management market over the last few years.
Kewill	Interchain Holding BV	A privately-owned Dutch supply chain management software firm	100%	An initial £7.6m cash with a further £2.4m payable dependent on revenue growth	So the acquisitive Kewill makes another astute purchase. Kewill can now provide shippers and logistics companies with an end-to-end solution, encompassing management of orders, transportation, warehousing, forwarding, customs brokerage and distribution. And based on the successful post-acquisition performance of Perwill, ShipNow and TradePoint, we have every reason to expect Kewill to drive revenue and profits growth via its latest addition.
Microgen	Milvus Software Limited	A provider of solutions for private and international banking	100%	The enterprise value of the transaction is more like £2.5m	The acquisition pace continues. Furthermore, with an EV/sales ratio of 0.7, Microgen hasn't done badly on this one. But the real value, we believe, is in where Microgen goes next with this. The benefits will come from cross-selling its other financial services products into the Milvus customer base, and vice versa.
Accenture	Media Audits	A company that specialises in measuring return on investment in advertising	100%	n/a	This may seem an odd move at first sight, but measuring and improving the effectiveness of marketing across multiple media has never been more important for big advertisers. Accenture provides a mixture of consulting and managed services to advertisers, with follow-through revenues in systems integration - for instance, building data warehouses and business-intelligence "dashboards" for clients. It also provides marketing-spend analysis as a managed service to clients. Media Audits should augment these capabilities. Although this is a pretty specialised niche, it's one that fits with Accenture's business model - this is about using technology to create business value.
Mondas	Blue Curve	A financial content management software company	100%	An initial share-based payment worth £925k. A deferred consideration of up to £2m in shares depending on Blue Curve's FY06	Mondas is finally making use of its AIM listing to help it build the business, after having ignored the acquisition route since flotation in 1996. More acquisitions are now expected as the management team look to bulk up the business to above £10m in market capitalisation. We applaud this new acquisitive mindset at Mondas. A company of its size will typically find it difficult to maintain earnings stability, and will struggle in selling to the financial services sector where size and credibility often go hand in hand. This is particularly problematic in a market where contract negotiations are becoming longer and more complex - as indicated by Mondas' first half revenue warning.

Recent IPOs

Name	Activity	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Nov 05	Change since IPO
Software Radio Technology	wireless digital product design	SP	AIM	35p	n/a	02-Nov-05	44p	24%

Forthcoming IPOs

Name	Activity	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Orpak	automated fuel payment systems	SP	AIM	n/a	n/a	06-Dec-05
Seeing Machines Ltd	image recognition technology	SP	AIM	n/a	n/a	n/a
Zone 4 Play	multiplayer games technology	SP	AIM	n/a	n/a	n/a

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

	SCS Cat	Share Price 30-Nov-05	Capitalisation 30-Nov-05	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Nov-05	Share price move since 31-Oct-05	Share price % move in 2005	Capitalisation move since 30-Sep-05
Alphameric	SP	£0.88	£105.5m	-	1.51	401	-8%	9%	-£8.67m
Alterian	SP	£1.14	£46.3m	30.7	5.94	570	-1%	11%	£0.40m
Anite Group	CS	£0.60	£207.1m	120.0	1.09	351	0%	6%	-£1.32m
Ascribe	SP	£0.36	£38.5m	-	5.75	1895	0%	89%	£0.00m
Atlantic Global	SP	£0.23	£5.3m	-	2.45	780	-2%	-39%	-£0.11m
Autonomy Corporation	SP	£3.56	£636.5m	77.2	19.07	109	13%	111%	£261.27m
Aveva Group	SP	£9.34	£204.6m	33.4	3.56	4670	14%	42%	£24.75m
Axon Group	CS	£2.42	£138.4m	23.3	2.30	1384	8%	64%	£10.71m
Bond International	SP	£1.00	£25.2m	13.4	3.58	1538	-1%	22%	-£0.38m
Brady	SP	£0.30	£7.7m	11.7	3.24	370	-17%	-67%	-£1.55m
Business Systems	CS	£0.19	£15.8m	17.0	0.54	158	7%	25%	£1.05m
Capita Group	CS	£3.92	£2,556.3m	27.3	1.99	105966	1%	7%	£13.29m
Charteris	CS	£0.38	£16.1m	28.8	0.84	417	-5%	-3%	-£0.86m
Chelford Group	CS	£2.53	£17.9m	26.4	1.51	43913	1%	97%	£0.11m
Civica	CS	£2.56	£130.1m	-	1.25	1460	9%	12%	£11.21m
Clarity Commerce	SP	£0.78	£12.4m	31.0	0.93	620	1%	15%	£0.16m
Clinical Computing	SP	£0.10	£3.2m	-	1.79	81	0%	-69%	£0.00m
CODASciSys	CS	£4.18	£106.0m	27.5	1.56	3236	0%	24%	£0.00m
Comino	SP	£2.96	£41.2m	22.4	1.62	2277	16%	35%	£5.71m
Compel Group	CS	£0.88	£29.7m	46.3	0.47	704	-6%	-4%	-£1.86m
Computacenter	R	£2.63	£499.9m	20.7	0.21	393	34%	-10%	£126.40m
Computer Software Group	SP	£0.68	£38.2m	16.9	2.72	579	9%	11%	£6.49m
Cornwell Management Consultants	CS	£0.73	£12.8m	9.0	0.72	521	-15%	-45%	-£2.29m
Corpora	SP	£0.09	£5.9m	-	11.83	243	-20%	-40%	-£1.54m
DCS Group	CS	£0.10	£2.9m	-	0.06	158	-21%	-10%	-£0.77m
Dealogic	SP	£1.53	£112.2m	17.5	3.62	663	7%	13%	£12.48m
Delcam	SP	£3.20	£19.5m	15.1	0.91	1231	6%	63%	£1.19m
Detica	CS	£10.00	£223.4m	27.2	3.15	2499	9%	29%	£18.33m
Dicom Group	R	£2.05	£176.9m	37.7	1.13	627	-3%	-75%	-£5.62m
Dimension Data	R	£0.37	£496.9m	49.2	0.36	66	6%	-3%	£30.21m
DRS Data & Research	SP	£0.35	£11.4m	-	0.79	318	17%	-15%	£1.63m
Electronic Data Processing	SP	£0.71	£6.3m	-	0.76	2174	8%	-5%	£1.31m
FDM Group	A	£0.93	£21.5m	-	0.65	1135	-8%	19%	-£1.74m
Ffastfill	SP	£0.04	£10.3m	-	3.89	35	-15%	-33%	-£1.65m
Financial Objects	CS	£0.40	£16.0m	-	1.68	172	-1%	-23%	-£0.20m
Flomerics Group	SP	£0.87	£0.3m	-	0.03	3327	8%	30%	-£0.03m
Focus Solutions Group	CS	£0.21	£5.7m	22.8	1.05	105	-2%	-48%	-£0.14m
GB Group	CS	£0.35	£28.7m	-	2.55	227	6%	40%	£1.63m
Gladstone	SP	£0.18	£9.3m	18.6	1.22	450	4%	-21%	£0.39m
Glotel	A	£0.90	£34.7m	15.5	0.38	468	19%	-12%	£5.59m
Gresham Computing	CS	£0.78	£39.2m	-	3.16	833	5%	-72%	£2.02m
Group NBT	CS	£1.19	£23.1m	13.3	2.05	593	3%	14%	£0.74m
Harvey Nash Group	A	£0.45	£28.2m	1.5	0.17	257	-3%	-50%	-£1.10m
Highams Systems Services	A	£0.04	£1.2m	-	0.09	108	-14%	-30%	-£0.20m
Horizon Technology	CS	£0.71	£50.8m	13.5	0.27	261	8%	-8%	£1.80m
I S Solutions	CS	£1.62	£64.6m	-	-	1059	-1%	1014%	-£0.40m
IBS OPENSystems	CS	£0.15	£3.6m	-	0.65	540	2%	-90%	£0.06m
ICM Computer Group	CS	£3.35	£70.2m	22.0	0.90	1858	2%	-18%	£1.89m
IDOX	SP	£0.13	£23.3m	39.1	2.44	16	11%	12%	£2.33m
In Technology	CS	£0.39	£54.3m	-	0.19	1540	-5%	-49%	-£2.82m
Innovation Group	SP	£0.28	£120.9m	-	1.98	120	3%	-21%	£3.33m
Intelligent Environments	SP	£0.04	£5.7m	-	1.85	37	27%	-44%	£1.43m
Intercede Group	SP	£0.28	£2.3m	-	1.3	458	8%	49%	-£0.13m
Invu	SP	£0.24	£39.8m	17.8	12.63	2474	-2%	2%	£15.26m
iSOFT Group	SP	£3.82	£885.2m	34.4	3.38	3473	-4%	11%	-£33.48m
iTrain	SP	£0.06	£4.3m	55.0	3.96	65	-12%	-32%	-£0.59m
K3 Business Technology	SP	£0.80	£13.7m	-	1.61	611	-10%	-24%	-£1.54m
Kewill	SP	£0.73	£57.7m	18.3	2.16	1448	2%	28%	£0.06m
Knowledge Technology Solutions	SP	£0.02	£2.6m	-	2.08	350	0%	-68%	£0.00m
LogicaCMG	CS	£1.60	£1,828.0m	58.5	1.09	2184	12%	-17%	£200.67m
Lorien	A	£0.40	£7.4m	9.3	0.06	400	27%	-24%	£1.58m
Macro 4	SP	£2.73	£60.9m	90.8	1.84	1099	4%	49%	£2.46m
Manpower Software	SP	£0.26	£11.7m	37.5	2.27	271	-1%	-17%	-£0.11m

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

	SCS Cat.	Share Price 30-Nov-05	Capitalisation 30-Nov-05	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Nov-05	Share price move since 31-Oct-05	Share price % move in 2005	Capitalisation move since 30-Sep-05
Maxima Holdings	CS	£1.59	£24.8m	-	2.00	1153	7%	62%	£1.64m
Mediasurface	SP	£0.10	£7.7m	-	1.43	735	-11%	33%	-£0.97m
Micro Focus	SP	£1.24	£246.2m	17.9	3.03	0	20%	-18%	£40.87m
Microgen	CS	£0.85	£86.5m	46.9	2.04	361	35%	50%	£22.51m
Minorplanet Systems	SP	£0.44	£13.2m	-	0.39	899	-31%	935%	-£5.27m
Misys	SP	£2.17	£1,099.0m	74.8	1.24	2700	6%	4%	£61.00m
Mondas	SP	£0.13	£3.3m	-	0.73	167	-24%	-32%	-£1.07m
Morse	R	£0.95	£144.1m	-	0.37	381	0%	-1%	-£0.38m
MSB International	A	£0.44	£8.9m	19.6	0.10	229	-4%	-48%	-£0.41m
NCC Group	CS	£2.42	£78.9m	39.7	4.20	1449	6%	26%	£4.56m
Ncipher	SP	£2.00	£55.9m	13.1	3.93	800	-3%	-5%	-£1.82m
Netcall	SP	£0.15	£9.7m	73.8	4.02	298	13%	-22%	£1.15m
Netstore	CS	£0.39	£47.9m	26.4	2.24	257	0%	2%	£0.00m
Nexus Management	CS	£0.00	£1.8m	-	1.56	167	-6%	-29%	-£0.12m
Northgate Information Solutions	CS	£0.87	£462.1m	105.8	2.25	334	12%	34%	£50.60m
NSB Retail Systems	SP	£0.35	£128.7m	-	2.84	3065	15%	33%	£16.43m
OneclickHR	SP	£0.05	£7.6m	-	1.59	128	-24%	46%	-£2.42m
Parity	A	£0.04	£12.3m	-	0.07	708	-17%	-57%	-£2.53m
Patsystems	SP	£0.14	£21.7m	-	1.84	126	8%	10%	£1.61m
Phoenix IT	CS	£2.92	£172.9m	20.7	1.96	1081	4%	6%	£8.45m
Pilat Media Global	SP	£0.40	£20.2m	28.0	1.68	2000	-9%	8%	-£2.02m
Pixology	SP	£0.65	£12.9m	-	2.86	462	-3%	-66%	-£0.40m
Planit Holdings	SP	£0.23	£20.6m	16.1	0.73	938	-2%	-6%	-£0.46m
Portrait Software (was AIT)	CS	£0.21	£15.6m	-	1.09	138	24%	-32%	£2.97m
Prologic	CS	£0.65	£6.5m	-	0.94	783	-2%	-16%	-£0.15m
PSD Group	A	£2.69	£67.6m	25.9	1.55	1223	10%	3%	£6.28m
QA	CS	£0.01	£2.5m	-	0.08	4	-18%	-72%	-£0.54m
Qonnectis	CS	£0.02	£3.1m	-	-	533	7%	-47%	£0.20m
Quantica	A	£0.53	£33.6m	14.4	1.09	427	2%	14%	£0.36m
Raft International	SP	£0.05	£3.1m	-	0.43	75	-5%	-44%	-£0.17m
Red Squared	CS	£0.06	£1.8m	-	1.04	343	-9%	-31%	-£0.18m
Retail Decisions	SP	£1.29	£100.2m	18.9	3.16	1736	17%	351%	£14.42m
RM	SP	£1.59	£142.9m	69.0	0.54	4536	-6%	-9%	-£8.33m
Royalblue Group	SP	£6.74	£220.1m	26.5	3.68	3962	3%	51%	£7.35m
Sage Group	SP	£2.32	£2,984.9m	20.8	3.84	89327	8%	15%	£228.12m
Sanderson Group	SP	£0.54	£22.0m	-	1.52	1080	-2%	-11%	-£0.41m
SDL	CS	£1.81	£110.3m	62.0	1.76	1203	16%	35%	£14.97m
ServicePower	SP	£0.35	£28.1m	-	6.85	350	3%	3%	£2.88m
Sirius Financial	SP	£1.27	£22.3m	57.5	1.03	843	35%	51%	£5.81m
SiRViS IT plc	CS	£0.04	£4.6m	-	1.4	35	-11%	-35%	-£0.57m
smartFOCUS plc	SP	£0.16	£12.1m	-	4.3	1703	5%	74%	£0.58m
Sopheon	SP	£0.21	£25.1m	-	5.80	295	0%	-14%	£0.07m
Spring Group	A	£0.60	£96.3m	20.7	0.20	667	1%	-35%	£0.80m
StatPro Group	SP	£0.57	£20.9m	8.5	2.31	713	-7%	70%	-£1.61m
Stilo International	SP	£0.01	£1.2m	-	0.60	28	-31%	-69%	-£0.56m
SurfControl (was JSB)	SP	£4.59	£39.2m	-	0.82	2295	7%	-17%	-£5.86m
Systems Union	SP	£1.39	£151.0m	27.2	1.45	1065	13%	20%	£16.90m
Tadpole Technology	SP	£0.03	£12.4m	-	2.57	75	9%	-69%	£1.24m
Tikit Group	CS	£1.88	£23.8m	98.7	2.00	1630	-2%	17%	-£0.44m
Torex Retail	SP	£1.15	£375.5m	44.2	5.53	2875	17%	52%	£55.94m
Total Systems	SP	£0.41	£4.3m	11.4	1.23	764	-7%	-24%	-£0.32m
Touchstone Group	SP	£1.36	£15.5m	-	0.90	1295	9%	46%	£1.25m
Trace Group	SP	£0.96	£14.5m	16.1	0.94	764	2%	19%	£0.37m
Triad Group	CS	£0.49	£7.3m	61.4	0.16	359	-16%	-16%	-£1.36m
Tribal Group	CS	£1.92	£147.5m	27.9	0.64	1162	-4%	33%	-£4.93m
Ubiquity Software	SP	£0.38	£68.5m	-	12.90	942	6%	9%	£3.66m
Ultima Networks	R	£0.02	£3.3m	-	1.75	40	-13%	-13%	-£0.51m
Ultrasis Group	SP	£0.02	£23.9m	-	15.56	42	-2%	512%	-£0.58m
Universe Group	SP	£0.19	£11.7m	37.3	0.27	844	-1%	-6%	-£0.15m
Vega Group	CS	£1.91	£38.8m	21.9	0.74	1561	5%	-2%	£1.73m
VI group	SP	£0.09	£3.4m	-	0.35	180	6%	-37%	£0.19m
Xansa	CS	£0.83	£285.5m	31.4	0.76	2128	-2%	-11%	-£5.15m
XKO Group	SP	£1.03	£35.5m	2.5	0.79	687	-3%	42%	-£1.21m
Xpertise Group	CS	£0.01	£4.3m	-	0.33	41	2%	37%	£0.10m

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

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Alphameric plc

	Interim - May 05	Final - Nov 04	Interim - May 05	Comparison
REV	£18,048,000	£69,973,000	£31,520,000	+74.6%
PBT	-£2,350,000	-£59,487,000	£3,117,000	Loss to profit
EPS	-2.10p	-50.90p	2.30p	Loss to profit

Alterian plc

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

Anite Group plc

	Final - Apr 04	Final - Apr 04	Comparison
REV	£196,232,000	£189,403,000	-3.5%
PBT	-£28,897,000	£6,820,000	Loss to profit
EPS	-8.60p	0.50p	Loss to profit

Ascribe plc

	Final Jun 04	Final Jun 04	Comparison
REV	£6,243,000	£6,767,000	+8.4%
PBT	£233,000	£1,276,000	+447.6%
EPS	0.11p	0.79p	+618.2%

Atlantic Global plc

	Interim - Jun 04	Final Dec 04	Interim - Jun 04	Comparison
REV	£121,000	£2,146,000	-£468,000	-486.8%
PBT	£496,000	£188,000	£188,000	-62.1%
EPS	0.23p	0.50p	-1.55p	-773.9%

Autonomy Corporation plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£16,900,000	£35,379,067	£20,830,000	+23.3%
PBT	£1,650,000	£4,682,488	£3,500,000	+112.1%
EPS	0.01p	0.03p	0.03p	+200.0%

Aveva Group plc

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

Axon Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£26,685,000	£60,273,000	£40,393,000	+51.4%
PBT	£2,703,000	£6,600,000	£3,546,000	+31.2%
EPS	3.30p	8.50p	5.40p	+63.6%

Bond International Software plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£4,239,000	£9,578,000	£5,924,000	+39.7%
PBT	£711,000	£1,881,000	£1,079,999	+51.9%
EPS	2.40p	6.63p	3.10p	+29.2%

Brady plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£1,940,299	£4,832,440	£1,530,585	-21.1%
PBT	£823,300	£1,914,789	-£268,537	Profit to loss
EPS	2.73p	5.80p	-0.80p	Profit to loss

Business Systems Group Holdings plc

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

Capita Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£617,300,000	£1,285,100,000	£687,300,000	+11.3%
PBT	£63,300,000	£117,000,000	£70,100,000	+10.7%
EPS	6.31p	11.21p	7.46p	+18.2%

Charteris plc

	Final - Jul 04	Final - Jul 05	Comparison
REV	£13,822,000	£19,290,000	+39.6%
PBT	£541,000	£891,000	+64.7%
EPS	0.81p	1.28p	n/a

Chelford Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£5,603,000	£11,852,000	£6,494,000	+15.9%
PBT	£501,000	£282,000	£702,000	Loss to profit
EPS	7.56p	3.72p	7.85p	Loss to profit

Civica plc

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£52,474,000	£104,100,000	£49,576,000	-5.5%
PBT	£3,764,000	£8,300,000	£4,250,000	+12.9%
EPS	5.20p	11.50p	5.70p	+9.6%

Clarity Commerce plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£13,325,000	£16,310,000	+22.4%
PBT	£511,000	£513,000	+0.4%
EPS	2.49p	2.36p	-5.2%

Clinical Computing plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£1,858,828	£1,757,997	-5.4%
PBT	-£1,236,892	-£1,087,741	Loss both
EPS	-4.50p	-2.40p	Loss both

CODASciSys plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£34,039,000	£67,830,000	£35,306,000	+3.7%
PBT	£1,904,000	£3,914,000	£3,433,000	+80.3%
EPS	4.50p	8.90p	9.40p	+108.9%

Comino Group plc

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

Compel Group plc

	Final - Jun 04	Final - Jun 05	Comparison
REV	£63,335,000	£79,103,000	+24.9%
PBT	-£327,000	£812,000	Loss to profit
EPS	-0.90p	1.80p	Loss to profit

Computacenter plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£1,228,941,000	£2,410,590,000	£1,151,553,000	-6.3%
PBT	£30,062,000	£67,928,000	£8,221,000	-72.7%
EPS	10.50p	23.50p	1.20p	-88.6%

Computer Software Group plc

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

Cornwell Management Consultants plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£8,898,000	£17,738,000	£10,001,000	+12.4%
PBT	£719,000	£1,257,000	£969,000	+34.8%
EPS	4.60p	7.70p	4.10p	Loss both

Corpora plc

	Final - Jun 04	Interim - Dec 04	Comparison
REV	£499,381	£806,151	N/a
PBT	-£2,649,553	-£2,356,084	Loss both
EPS	-16.10p	-6.50p	Loss both

DAT Group

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

DCS Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£30,200,000	£52,800,000	£19,500,000	+12.4%
PBT	-£4,000,000	-£7,000,000	£2,800,000	Loss to profit
EPS	-7.16p	-31.07p	10.78p	Loss to profit

Dealogic Holdings plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£16,395,000	£33,446,080	£17,260,330	+5.3%
PBT	£4,879,000	£10,538,040	£6,112,500	+25.3%
EPS	2.14p	5.53p	4.18p	+95.3%

Delcam plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£10,554,000	£21,503,000	£11,835,000	+12.1%
PBT	£662,000	£1,196,000	£803,000	+21.3%
EPS	8.60p	18.81p	11.00p	+27.9%

Detica Group plc

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

Dicom Group plc

	Final - Jun 04	Final - Jun 05	Final - Jun 05
REV	£156,197,000	£179,795,000	+15.1%
PBT	£7,757,000	£10,479,000	+35.1%
EPS	18.20p	27.30p	+50.0%

Dimension Data plc

	Final - Sep 04	Final - Sep 05	Comparison
REV	£1,386,910,700	£1,386,910,700	-0.0%
PBT	-£2,449,390	-£2,449,390	Loss both
EPS	-1.56p	-1.56p	Loss both

DRS Data & Research Services plc

	Interim - Jul 04	Final - Dec 04	Interim - Jul 05	Comparison
REV	£9,728,000	£14,408,000	£6,325,000	-35.0%
PBT	£1,126,000	£452,000	-£277,000	Profit to loss
EPS	2.36p	1.35p	-0.68p	Profit to loss

Electronic Data Processing plc

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£4,323,000	£8,319,000	£3,472,000	-19.7%
PBT	£549,000	£1,032,000	£193,000	-64.8%
EPS	1.93p	2.61p	0.44p	-77.2%

FDM Group

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£15,778,000	£32,971,000	£16,438,000	+4.2%
PBT	£819,000	£1,805,000	£400,000	-51.2%
EPS	2.30p	5.00p	0.50p	N/a

Ffastfill Plc

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

Financial Objects plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£4,589,000	£9,509,000	£5,589,000	+21.8%
PBT	£125,000	-£45,000	-£144,000	Profit to loss
EPS	0.45p	-0.16p	-0.47p	Profit to loss

Flomerics Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£4,430,000	£10,241,000	£5,256,000	+18.6%
PBT	-£106,000	£671,000	£321,000	Loss to profit
EPS	-0.71p	3.85p	1.66p	Loss to profit

Focus Solutions Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£5,388,000	£5,431,000	+0.8%
PBT	-£382,000	£26,000	Loss to profit
EPS	-1.00p	0.10p	Loss to profit

GB Group plc

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

Gladstone Plc

	Interim - Feb 04	Final - Aug 04	Interim - Feb 05	Comparison
REV	£3,569,144	£7,649,463	£3,912,157	+9.6%
PBT	£231,620	£498,926	£130,925	-43.5%
EPS	0.54p	1.19p	0.28p	-48.1%

Glotel plc

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

Gresham Computing plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£6,136,000	£12,398,000	£6,634,000	+8.1%
PBT	-£559,000	-£1,067,000	-£742,000	Loss both
EPS	-1.13p	-1.54p	-1.27p	Loss both

Group NBT plc

	Final - Jun 04	Final - Jun 05	Comparison
REV	£7,675,000	£11,280,000	+47.0%
PBT	£412,000	£1,690,000	Loss to Profit
EPS	3.40p	8.30p	Loss to Profit

Harvey Nash Group plc

	Interim - July 04	Final - Jan 05	Interim - July 05	Comparison
REV	£78,907,000	£163,374,000	£92,705,000	+17.5%
PBT	£1,181,000	£3,169,000	£1,732,000	Loss to profit
EPS	1.61p	3.62p	2.30p	Loss to profit

Highams Systems Services Group plc

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

Horizon Technology Group plc

	Interim - Jun 04	Final Dec 04	Interim - Jun 05	Comparison
REV	£101,488,400	£190,777,237	£101,094,460	-4%
PBT	£2,259,000	£4,872,000	£2,730,280	+20.9%
EPS	2.59p	5.41p	3.06p	+18.1%

IBS OPENSystems plc

	Jun-05	Comparison
REV	£5,216,000	N/a
PBT	£999,000	N/a
EPS	1.20p	N/a

ICM Computer Group plc

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

IDOX plc

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

Innovation Group plc (The)

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

InTechnology plc

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

Intelligent Environments Group plc

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

Intercede Group plc

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

iomart Group plc

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

INVU plc

	Interim - Jul 04	Final - Jan 05	Interim - Jul 05	Comparison
REV	£1,015,000	£3,149,000	£1,680,000	+65.5%
PBT	-£576,000	£608,000	£70,000	Loss to profit
EPS	-0.61p	0.64p	0.07p	Loss to profit

iSOFT Group plc

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

I S Solutions plc

	Interim - June 04	Final - Dec 04	Interim - June 05	Comparison
REV	£2,849,000	£5,514,000	£2,573,000	-9.7%
PBT	£63,000	-£324,000	£105,000	+66.7%
EPS	0.25p	-1.15p	0.40p	+60.0%

iTrain plc

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

K3 Business Technology Group plc

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

Kewill Systems plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£13,198,000	£26,680,000	£13,699,000	+3.8%
PBT	£1,011,000	£2,894,000	£1,339,000	+32.4%
EPS	1.60p	4.40p	1.50p	-6.3%

Knowledge Technology Solutions Plc

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

LogicaCMG plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£804,100,000	£1,669,800,000	£891,700,000	+10.9%
PBT	£25,800,000	£42,400,000	£37,700,000	+46.1%
EPS	1.90p	1.90p	2.90p	+52.6%

Lorien plc

	Interim - May 04	Final - Nov 04	Interim - May 05	Comparison
REV	£56,552,000	£122,598,000	£61,266,000	+8.3%
PBT	£340,000	£1,162,000	-£369,000	Profit to loss
EPS	1.00p	6.90p	-1.60p	Profit to loss

Macro 4 plc

	Final - Jun 04	Final - Jun 05	Comparison
REV	£31,240,000	£33,103,000	+6.0%
PBT	£1,042,000	£790,000	-24.2%
EPS	1.90p	2.90p	+52.6%

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Manpower SoftWare plc

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

Matrix Communications

	Final - Oct 03		Final - Oct 04	Comparison
REV	£1,452,048		£11,134,827	+666.8%
PBT	-£563,450		£1,212,423	Loss to profit
EPS	-3.58p		3.81p	Loss to profit

Maxima Holdings plc

		Interim - Nov 04	Final - 31 May 05	Comparison
REV		£6,194,000	£8,076,167	N/a
PBT		£800,000	£1,038,016	N/a
EPS		4.34p	8.30p	N/a

Mediasurface plc

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£2,839,562	£5,403,482	£3,661,081	+28.9%
PBT	-£153,466	-£737,394	£138,747	Loss to profit
EPS	0.10p	-0.60p	0.20p	+100.0%

Micro Focus International plc

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

Microgen plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£21,113,000	£42,444,000	£21,227,000	+0.5%
PBT	£1,325,000	£1,118,000	£3,561,000	Loss to profit
EPS	2.10p	0.20p	2.50p	Loss to profit

Minorplanet Systems Plc

	Interim - Feb 04	Final - Aug 04	Interim - Feb 05	Comparison
REV	£19,100,000	£33,800,000	£11,400,000	-40.3%
PBT	-£2,900,000	-£17,400,000	-£3,100,000	Loss both
EPS	-11.35p	-22.23p	-2.01p	Loss both

Misys plc

	Final - May 04		Final - May 05	Comparison
REV	£899,900,000		£888,400,000	-1.3%
PBT	£23,100,000		£27,600,000	+19.5%
EPS	4.30p		2.80p	-34.9%

Mondas plc

	Final - Apr 04		Final - Apr 05	Comparison
REV	£3,974,732		£4,592,675	+15.5%
PBT	-£1,779,554		-£1,384,081	Loss both
EPS	-6.60p		-5.30p	Loss both

Morse plc

	Final - Jun 04		Final - Jun 05	Comparison
REV	£390,008,000		£429,531,000	+10.1%
PBT	-£12,431,000		£18,332,000	Loss both
EPS	-11.90p		-14.10p	Loss both

MSB International plc

	Interim - July 04	Final - Jan 05	Interim - July 04	Comparison
REV	£44,352,000	£92,321,000	£47,115,000	+6.2%
PBT	£356,000	£997,000	£163,000	-54.2%
EPS	1.26p	3.13p	0.54p	-57.1%

NCC Group plc

	Final - May 04		Final - May 05	Comparison
REV	£15,316,000		£18,786,000	+22.7%
PBT	£1,403,000		£3,368,000	+140.1%
EPS	2.60p		6.00p	+130.8%

Ncipher Plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£6,391,000	£14,244,000	£7,967,000	+24.7%
PBT	£73,000	£2,333,000	£1,548,000	+2020.5%
EPS	-0.04p	8.78p	4.70p	Loss to profit

Netcall plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	£2,387,203		£2,414,211	+1.1%
PBT	-£331,777		-£827,931	Loss both
EPS	-0.60p		-1.30p	Loss both

Netstore plc

	Final - Jun 04		Final - Jun 05	Comparison
REV	£20,681,000		£21,397,000	+3.5%
PBT	-£687,000		£653,000	Loss to profit
EPS	-0.14p		1.43p	Loss to profit

Nexus Management plc

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

Northgate Information Solutions plc

	Final - Apr 04		Final - Apr 05	Comparison
REV	£136,464,000		£205,692,000	+50.7%
PBT	-£10,086,000		£3,889,000	Loss to profit
EPS	-2.94p		0.79p	Loss to profit

NSB Retail Systems plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£21,632,000	£45,399,000	£22,202,000	+2.6%
PBT	£2,445,000	£6,343,000	£3,546,000	+45.0%
EPS	3.02p	3.99p	0.81p	-73.2%

OneclickHR plc

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

Parity Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£82,931,000	£169,860,000	£88,790,000	+7.1%
PBT	-£700,000	-£6,914,000	-£949,000	Loss both
EPS	0.05p	-2.24p	-0.64p	Loss both

Patsystems plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£5,329,000	£11,775,000	£7,708,000	+44.6%
PBT	-£1,808,000	-£2,929,000	-£558,000	Loss both
EPS	-1.10p	-1.40p	-0.30p	Loss both

Phoenix IT Group plc

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

Pilat Media Global plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£5,607,249	£12,052,232	£4,694,490	-16.3%
PBT	£434,918	£1,834,969	£739,678	+70.1%
EPS	0.65p	2.49p	-0.97p	Profit to loss

Pixology plc

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

Planit Holdings plc

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

Portrait Software

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

Prologic plc

	Final - Mar 04		Final - Mar 05	Comparison
REV	£7,542,000		£6,928,000	-8.1%
PBT	£676,000		£421,000	-37.7%
EPS	N/a		2.76p	Profit to Loss

PSD Group plc

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

QA plc

	Final - Nov 03		Final - Nov 04	Comparison
REV	£29,158,000		£30,153,000	+3.4%
PBT	-£3,220,000		-£2,386,000	Loss both
EPS	-2.50p		-1.40p	Loss both

Quantica plc

	Interim - May 04	Final - Nov 04	Interim - May 05	Comparison
REV	£13,789,000	£30,848,000	£17,019,000	+23.4%
PBT	£763,000	£1,957,000	£1,018,000	+33.4%
EPS	1.15p	3.32p	1.57p	+36.5%

Raft International plc

	Interim - Apr 04	Final - Oct 04	Interim - Apr 05	Comparison
REV	£3,164,000	£7,261,000	£4,161,000	+31.5%
PBT	-£969,000	-£991,000	-£566,000	Loss both
EPS	-1.48p	-1.45p	-0.87p	Loss both

Red Squared plc

	Interim - March 04	Final - Sep 04	Interim - March 05	Comparison
REV	£955,074	£1,696,513	£1,040,122	+8.9%
PBT	-£97,155	-£466,614	-£181,928	Loss both
EPS	-0.48p	-2.32p	-0.67p	Loss both

Retail Decisions plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£15,430,000	£31,737,000	£14,705,000	-4.7%
PBT	£2,998,000	£6,144,000	£3,522,000	+17.5%
EPS	0.69p	1.39p	0.80p	+15.9%

RM plc

	Final - Sep 04		Final - Sep 05	Comparison
REV	£263,264,000		£262,707,000	-2%
PBT	£11,573,000		£12,845,000	Profit to Loss
EPS	4.30p		2.20p	Profit to loss

Royalblue Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£28,459,000	£59,768,000	£34,082,000	+19.8%
PBT	£4,090,000	-£859,000	£4,754,000	Profit to loss
EPS	8.80p	23.40p	10.80p	+22.7%

Sage Group plc

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

Sanderson Group plc

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£7,395,000	£11,880,000	£7,897,000	n/a
PBT	£1,111,000	-£328,000	£1,236,000	n/a
EPS	1.72p	-1.00p	1.92p	n/a

SDL plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£30,670,000	£62,690,000	£34,080,000	+11.1%
PBT	£1,622,000	£457,000	£3,103,000	+91.3%
EPS	2.07p	-1.77p	3.21p	+55.1%

ServicePower Technologies plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£1,490,000	£4,114,000	£3,444,000	+131.1%
PBT	-£1,435,000	-£3,743,000	-£1,078,000	Loss both
EPS	-2.16p	-5.34p	-1.54p	Loss both

Sirius Financial Solutions plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£20,523,966		£21,704,052	+5.7%
PBT	-£581,160		£385,444	Loss to profit
EPS	-3.90p		1.40p	Loss to profit

Sirvis IT plc

	Final - May 04		Final - May 05	Comparison
REV	£3,230,000		£8,083,000	+150.2%
PBT	£321,000		-£2,432,000	Profit to loss
EPS	0.60p		-2.45p	Profit to loss

smartFOCUS plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£1,283,775	£2,850,101	£2,183,779	+70.1%
PBT	-£16,242	-£324,052	£64,926	Loss to profit
EPS	0.10p	-0.30p	0.10p	+0.0%

Sopheon plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£2,083,000	£4,323,000	£1,909,000	-8.4%
PBT	-£1,261,000	-£1,964,000	-£894,000	Loss both
EPS	-1.20p	-1.60p	-1.60p	Loss both

Spring Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£229,048,000	£476,429,000	£219,908,000	-4.0%
PBT	-£712,000	£859,000	-£5,170,000	Loss both
EPS	-0.04p	4.91p	-3.06p	Loss both

StatPro Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£4,258,000	£9,072,000	£5,017,000	+17.8%
PBT	£263,000	£162,000	£554,000	+110.6%
EPS	1.10p	5.30p	1.40p	Loss both

Strategic Thought plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£3,704,000	£9,250,000	£5,077,000	+37.1%
PBT	£513,000	£1,731,000	£901	-99.8%
EPS	1.70p	5.80p	3.40p	+100.0%

Stilo International Plc

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

SurfControl plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	£46,209,392		£47,859,580	+3.6%
PBT	£5,602,649		£7,890,650	+40.8%
EPS	13.12p		19.73p	+50.3%

Systems Union Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£51,016,000	£104,230,000	£53,666,000	+5.2%
PBT	£1,464,000	£4,614,000	£2,697,000	+84.2%
EPS	1.20p	3.90p	2.20p	+83.3%

Tadpole Technology plc

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

Tikit Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£5,889,000	£11,903,000	£9,551,000	+62.2%
PBT	£429,000	£859,000	£263,000	-38.7%
EPS	2.90p	4.50p	0.20p	-93.1%

Torex Retail plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£25,118,000	£67,935,000	£52,466,000	+108.9%
PBT	£2,496,000	£7,711,000	£2,086,000	-16.4%
EPS	0.70p	2.90p	0.40p	-42.9%

Total Systems plc

	Final - Mar 04		Final - Mar 05	Comparison
REV	£3,843,856		£3,451,633	-10.2%
PBT	£715,938		£496,098	-30.7%
EPS	4.94p		3.56p	-27.9%

Touchstone Group plc

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

Trace Group plc

	Final - May 04		Final - May 05	Comparison
REV	£15,472,000		£16,112,000	+4.1%
PBT	£822,000		£1,224,000	+48.9%
EPS	4.69p		5.92p	+26.2%

Ubiquity Software Corporation plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£2,522,200	£5,314,776	£3,507,000	+39.0%
PBT	-£2,564,000	-£6,407,328	-£4,157,000	Loss both
EPS	-19.00p	-44.00p	-6.00p	Loss both

Ultima Networks plc

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

Ultrasis Group plc

	Final - Jul 03		Final - Jul 04	Comparison
REV	£548,000		£1,535,000	+180.1%
PBT	-£12,864,000		-£364,000	Loss both
EPS	-0.53p		-0.0[illegible]	Loss both

Universe Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£20,349,000	£4[illegible],992,000	£22,302,000	+9.6%
PBT	-£224,000	-£74,000	£175,000	Loss to profit
EPS	-0.38p	-0.10p	0.23p	Loss to profit

Vega Group plc

	Final - Apr 04		Final - Apr 05	Comparison
REV	£44,127,000		£52,602,000	+19.2%
PBT	£1,918,000		£2,907,000	+51.6%
EPS	5.74p		8.61p	+50.0%

VI Group plc

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

Xansa plc

	Final - Apr 04		Final - Apr 05	Comparison
REV	£419,500,000		£376,400,000	-10.3%
PBT	-£29,000,000		£10,800,000	Loss to profit
EPS	-11.92p		2.58p	Loss to profit

XKO Group plc

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

Xpertise Group plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£10,767,000		£13,170,000	+22.3%
PBT	-£2,140,000		-£668,000	Loss both
EPS	-0.70p		0.16p	Loss both

November brings a slight return to growth

November brought with it a slight return on the decline registered by the Ovum software and IT services index in the previous month. However, a closer look reveals the great disparity in performances of the 130 companies we track.And, while the FTSE IT SCS index put in an impressive 7.61% rise over the month, our own index, which covers a broader range of S/ITS businesses including many smaller constituents, only managed a 1.55% lift during the month. The difference is even more marked if we step back further and look at performance over the year. Since 1st January the techMARK 100 (focusing on the largest stocks) has grown 12.51% compared to the Holway S/ITS decline of -0.13%.

Indeed, the average growth of companies in the Holway S/ITS index with a market capitalisation over £50m was 7% in November, compared with an average decline of 1% for smaller businesses. Put simply, in today's market, bigger companies will on average perform better than their smaller peers.

31/11/2005		
	S/ITS Index	**4918.86**
	FTSE IT (SCS) Index	**526.29**
	techMARK 100	**1346.12**
	FTSE 100	5423.20
	FTSE AIM	1012.00
SCSI Index = 1000 on 15th April 1989	FTSE SmallCap	3200.60

Changes in Indices	S/ITS Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/11/05 to 30/11/05)	+1.55%	+1.99%	+6.72%	+7.61%	+1.82%	+5.21%
From 15th Apr 89	+391.89%	+164.08%				
From 1st Jan 90	+434.60%	+129.60%				
From 1st Jan 91	+594.88%	+151.03%				
From 1st Jan 92	+370.77%	+117.53%				
From 1st Jan 93	+208.67%	+90.52%				+130.70%
From 1st Jan 94	+194.62%	+58.65%				+71.28%
From 1st Jan 95	+228.10%	+76.91%				+83.27%
From 1st Jan 96	+117.79%	+47.00%	+70.56%		+6.14%	+64.85%
From 1st Jan 97	+83.71%	+31.68%	+47.17%		+3.68%	+46.61%
From 1st Jan 98	+62.07%	+5.60%	+41.10%	-47.37%	+2.02%	+38.36%
From 1st Jan 99	+24.80%	-7.81%	-7.55%	-63.60%	+26.25%	+54.55%
From 1st Jan 00	-57.12%	-21.75%	-64.38%	-85.84%	-47.64%	+3.32%
From 1st Jan 01	-41.25%	-12.85%	-47.53%	-73.00%	-29.61%	+0.54%
From 1st Jan 02	+2.52%	+3.94%	-8.60%	-37.67%	+12.72%	+24.10%
From 1st Jan 03	+81.32%	+37.63%	+107.48%	+54.69%	+67.86%	+75.80%
From 1st Jan 04	+5.19%	+21.14%	+32.62%	+4.50%	+21.14%	+29.31%
From 1st Jan 05	-0.13%	+12.65%	+12.51%	+8.34%	+0.62%	+16.04%

End Nov 05	Move since 1/1/99	Move since 1/1/00	Move since 1/1/01	Move since 1/1/02	Move since 1/1/03	Move Since 1/1/04	Move Since 1/1/05	Move in Nov 05
System Houses	15.5%	-55.0%	-39.5%	9.0%	117.2%	13.2%	3.2%	1.5%
IT Staff Agencies	-74.7%	-78.0%	-64.9%	-36.8%	-4.8%	-37.6%	-21.1%	1.3%
Resellers	86.2%	-10.3%	18.6%	32.0%	78.6%	-6.8%	2.6%	4.8%
Software Products	70.1%	-59.1%	-70.3%	-4.3%	58.6%	-2.3%	0.4%	1.4%
Holway S/ITS Index	24.8%	-57.1%	-41.3%	2.5%	81.3%	5.2%	-0.1%	1.6%

Of course this is not an absolute rule - and as if to prove this, the top three rising stocks in November come from across the spectrum in terms of the value of their market capitalisation, as well as by type of business. Of these, reseller Computacenter (shares up 34%) is the largest, worth £499.9m at the end of November. The next largest is services player Microgen (shares up 35%), worth £86.5m, and the smallest is Sirius Financial (shares up 35%), a software player with a £22.3m market capitalisation at the end of November. However, it has to be said that the share performance, Computacenter has very little to do with business performance. The potential management buyout (MBO) caused a 34% lift in the share price over the month to £2.63 - returning the stock to around the value it held in April 2005 and erasing the declines of the last seven months. *(Samad Masood)*