System House

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

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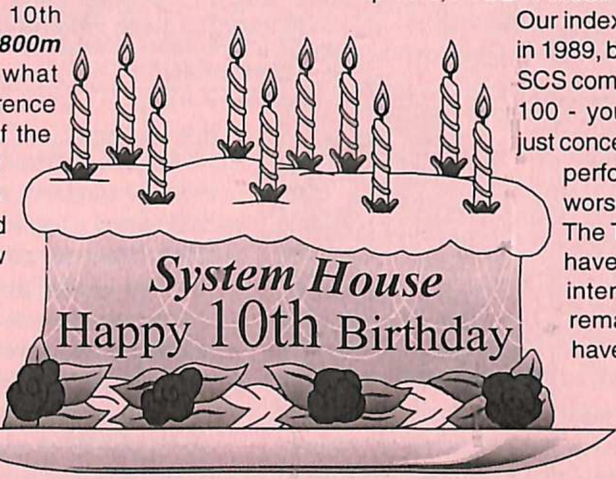
System House ten years on

techmarkresearch.com launched

The front page headline in the first ever edition of *System House* back in Nov. 1989 read ***"£180m lost in one day"***. *"On 16th Oct. 89 our SCS Index fell by 11%".*

We could have headlined this 10th anniversary edition with a headline ***"£800m lost in one day"*** because that's what happened on 18th Oct. 99. The difference was that now this represents <3% of the value of quoted SCS stocks. The other similarity between 1989 and 1999 was that SCS shares immediately recovered all those losses within the following few days.



Just as Nov. 89 was important for us in launching *System House*, Nov. 99 will be even more important.

On Nov. 3rd the LSE officially launches techMARK (see last month's review). One of the main features of techMARK that we did not like was the inclusion of so many large companies like BT, Glaxo etc. The inclusion of ex utilities etc. reduced the excitement of the market. So we are delighted that FTSE have decided to launch techMARK 100 - which is capped at c£4b capitalisation. This means that all the non IT companies are excluded and the list is headed by Sage! Indeed the majority of the companies in the techMARK 100 are SCS companies. The "smallest" company in the list will be valued at c£25m - around the size of Rolfe and Nolan.

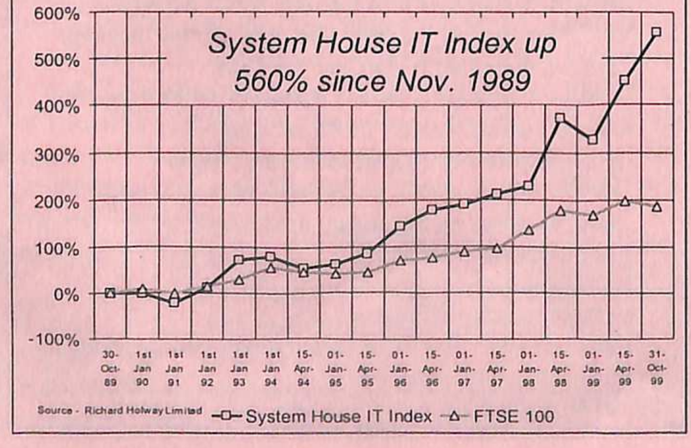
Various tracker funds will be launched linked to the techMARK all-share, or in the case of Close, the techMARK 100.

So how might such a tracker fund have performed in the last 10 years? Our own SCS Index is up a really impressive 560% since Nov. 89 compared with a much more modest 187% increase in the FTSE100. Although our index is unweighted, it has tracked the FTSE IT Index since its inception in Jan. 98. (SCS up 99%, FTSE IT index up 126%)

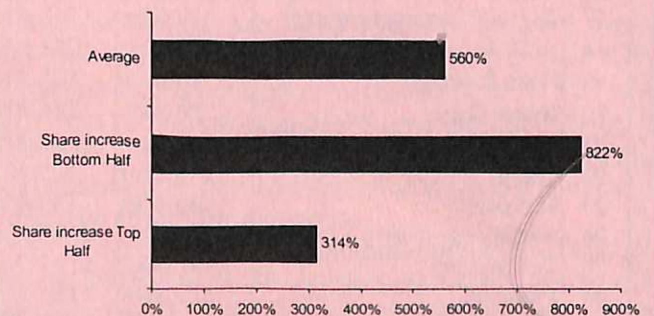
Our index started with only 40 companies in 1989, but now includes over 100 quoted SCS companies. But if - like the techMARK 100 - you had selected an index which just concentrated on the larger stocks your performance would have been much worse.

The Top 50% by market cap. in 1989 have shown a 314% increase in the intervening 10 years whereas the remaining more lowly valued 50% have increased by 820%. The main reason is that you would have missed out on Sage which had a market cap of just £8m at the time of its Dec. 89 IPO. In 1989 Sage would have been in the lower quartile of SCS stocks.

System House IT Index v FTSE 100
Nov. 1989 to End October 1999



System House SCS Index
1989 - 1999



Sage is the best performer over those 10 years - up a quite amazing 120 fold. Of course, Sage would have entered the top tier ranking, but by then you would have missed the phenomenal early gains. The same is true of other high flyers like Eidos and new entrants like CMG, FI Group etc.

On the other hand, you would also have missed the majority of SCS companies that have gone broke in the period. Even so, Systems Reliability was in the upper quartile in 1989...and look what happened to them!

For the record, the Top Five best performers in the last 10 years - or since their IPO if later - were;

- Sage - up 120-times
- Capita - up 73-times
- Eidos - up 43-times
- Admital - up 35-times

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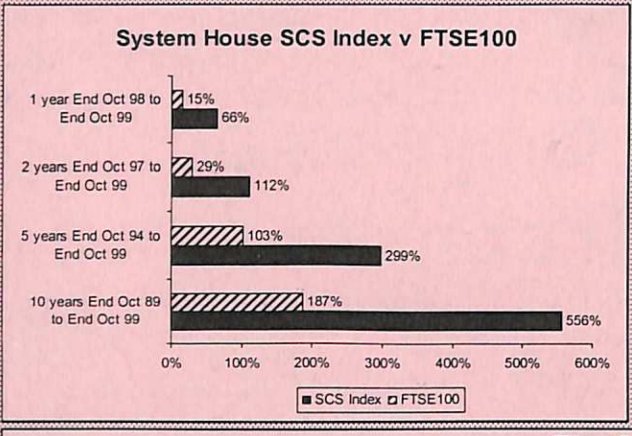
• Parity - up 34-times

But don't think you have missed the boat because your weren't an investor back in 1989.

As the chart shows, even more impressive performance - relative to the FTSE100 - has been achieved in the last few years. Indeed, the *System House* index has performed over four-times better than the FTSE100 in the last year - up 66% compared to a 15% increase in the FTSE 100 in the 12 months from end Oct. 98.



As the financial adverts say *"past performance is no guarantee of future performance"*. But, from a market point of view, we believe the next ten years will prove equally rewarding. In 1989 IT was still an *optional extra* for many companies - now its a *necessity* for all. Although e-commerce might currently be over-hyped, there is no doubt that it will become the major market sector of the IT software and services market within a few years providing major opportunities for current - and even more so, new - SCS players.

The Class of 1989

You really couldn't get a more varied performance from the list of 41 SCS shares listed at the end of 1989.

Of those 41, less than half - just 20 - still have quotes on the LSE. The rest were acquired, reverted to being private or went bust (5). You would have lost money on 37% or 15 of those companies and in only a quarter - or 11 - would you have beaten the FTSE 100's rise in the 10 years.

But, on the other hand, five stocks were "10-baggers" with Sage the clear, out-and-out winner.

The Class of 1989

	Company	Market Cap 1989	Market Cap 1999 or Exit	Share Price Change	Remarks
1	Sage	£8.00m	£3,623.00m	11758%	IPO in Dec 1989
2	Capita	£12.80m	£1,642.00m	4053%	Just shows what a "Boring" outsourcer can do!
3	Admiral	£20.00m	£556.50m	2238%	Was doing even better before the Q1 99 profit warning.
4	Sherwood	£7.46m	£192.70m	1775%	Major growth has come in last two years
5	Logica	£209.36m	£3,539.00m	1061%	Even better performance in last five years under Martin Read
6	Misys	£112.66m	£1,737.00m	728%	Misys w as still riding high in 1989 - before the 1990 fall.
7	Sema	£316.90m	£2,074.00m	725%	Another winner from outsourcing
8	Kewill	£21.24m	£361.60m	697%	Most of the growth/recovery in last two years
9	MMT	£13.60m	£70.50m	328%	Even though it's well off its high now
10	EDP	£5.18m	£21.10m	264%	*Will EDP ever find that ellusive acquisition?*
11	*Quotient*	*£9.83m*	*£27.40m*	*178%*	*Acquired by ACT for £27.4m*
12	LBMS	£16.40m	£44.00m	168%	Moved to NASDAQ, then acq by Platinum for $70m
13	Sanderson	£22.64m	£93.30m	161%	On the up again now
14	Macro 4	£59.31m	£121.20m	123%	Stagnated for most of the 90s
15	Total	£1.88m	£4.16m	122%	Only here because they hit ANOTHER low in 1989.
16	*INSTEM*	*£4.27m*	*£9.50m*	*121%*	*Taken private after MBO at 210p*
17	*Delphi (Computer People)*	*£34.00m*	*£167.00m*	*120%*	*Acquired by Adecco for £167m (550p)*
18	*ACT/Apricot*	*£48.10m*	*£212.00m*	*88%*	*Taken over by Misys for £212m (120p)*
19	Rolfe & Nolan	£6.06m	£25.30m	63%	What could have been if the Sungard bid had gone ahead
20	*Butler Cox*	*£9.70m*	*£14.30m*	*48%*	*Acq by CSC for £14.3m*
21	*Hoskyns*	*£194.30m*	*£286.00m*	*47%*	*Acquired by Cap Gemini for £286m*
22	Trace	£15.47m	£21.10m	18%	One 1989 IPO that has gone nowhere
23	Microgen	£49.51m	£80.90m	18%	But on the up now that Ratcliffe has taken over?
24	Skillsgroup (P&P)	£68.65m	£147.60m	13%	Ten years of change to services - but little for shareholders
25	*SD-Scicon*	*£137.00m*	*£155.00m*	*13%*	*Acquired by EDS for £155m*
26	Pegasus	£22.34m	£27.10m	3%	*If only they were part of Sage...*
27	*ITL*	*£12.73m*	*£12.70m*	*0%*	*Acquired by ACT for £12.7m*
28	*Radius*	*£16.17m*	*£17.30m*	*-11%*	*Private after MBO for £17.3m (62p)*
29	*Star*	*£3.72m*	*£3.20m*	*-22%*	*Acquired by Pizza Express for £3.2m equivalent*
30	MERANT (Micro Focus)	£46.83m	£404.20m	-27%	For most of the early 90s, they led the rankings
31	*P-E International*	*£36.47m*	*£24.00m*	*-33%*	*Acquired by Anite(Cray) for £24m*
32	*Optim*	*£3.61m*	*£12.80m*	*-33%*	*Acquired by Systems Relaibility for £12.8m (16p)*
33	*NMW*	*£8.00m*	*£3.80m*	*-54%*	*Acquired by ACT for £3.8m (18p)*
34	*Synapse*	*£8.39m*	*£5.80m*	*-56%*	*Acquired by ECsoft for £5.8m (105p)*
35	Gresham/Telecomputing	£4.52m	£17.00m	-59%	*If only we had done this ranking a year back..*
36	*Touchstone (MBS)*	*£40.30m*	*£7.70m*	*-81%*	*Acquired by Stratagem for £7.7m*
37	*Systems Reliability*	*£46.26m*	*£0.00m*	*-100%*	*Appointed receivers*
38	*Headland*	*£14.23m*	*£0.00m*	*-100%*	*Appointed receivers*
39	*Ferrari*	*£12.80m*	*£0.00m*	*-100%*	*Appointed receivers*
40	*UCL*	*£4.19m*	*£0.00m*	*-100%*	*Acquired by Ferrari loss making, no consideration*
41	*Memory*	*£4.10m*	*£0.00m*	*-100%*	*Appointed receivers*

Note: Share price comparisons 20th Oct 1989 to 20th Oct 1999. Except Sage which is Dec. 89 IPO price.

Ovum Holdings looking for acquisitions

Fellow market researcher **Ovum** (where Sema's Frank Jones has recently joined the board as a NED) had a poor FY97 as their investment in the US took longer than anticipated to bear fruit. CEO Julian Hewett has sent us their results for the year ended 31st Dec. 98 which show revenue up 19% to £11m and the previous loss of £327K turned into a PBT of £383K. North America was Ovum's fastest growing region with product sales up 64%. Europe is their largest region and here product sales grew 29% (revenue here at £4.9m is 44% of the total). The UK with £2.2m is now slightly down at 20% of the total.

Hewett tells us that Ovum is actively looking to partner or acquire similar companies in anticipation of a possible float around 2003.

Outstanding results from NSB Retail

We have long been a fan of **NSB** (systems and software for the retail sector). Their results for the interim six months ending 30th Jun. 99 were *"outstanding"* according to Chairman Peter Johnson and this *"has continued into the second half of the year"*. Revenue was up 53% to £5.2m, PBT (before goodwill amortisation of £238K) increased 34% at £1.1m with headline EPS up 32%.

But now for the even better news. In August this year they 'merged' with US **Unlimited Solutions Inc.,** a leading US in-store retails solutions business. Proforma illustrative interim figures show revenue up more than three-fold on £10.6m, PBT, before goodwill amortisation, up almost three-fold at £2.4m with headline EPS up 83%. This acquisition has *"greatly enhanced the group's product portfolio, geographic coverage and financial capabilities. We now have a stronger group with the ability to expand into retail markets outside our current UK stronghold. It bodes well for the future"* according to Johnson.

After speaking to CEO Nikki Beckett, we were told that the P/E post acquisition is closer to 40 - quite reasonable for NSB.

Comment. We can foresee more acquisitions in the "stick to the knitting" vein in order to expand geographic coverage. The product portfolio looks great so no need for additions here currently. NSB has moved from AIM to the main market this month and will become part of techMARK - even though Beckett (along with others) tells us she doesn't quite understand what techMARK is!

Launched onto AIM just two years ago at 115p, they ended the month up 18% on 878p. *Not a bad return for any original investors!*

Staff agency CPL is successful

You could be excused if you have never heard of Irish recruitment company **CPL Resources** - unless of course you happen to be Irish.

CPL listed on AIM in June this year and in their latest results to 30th Jun. 99, they have announced revenues up 74% to Euro 20.8m with PBT more than trebling to Euro 3.15m. EPS also trebled. Not surprisingly, given the timing of the IPO, 1999 was their most successful year of operation. But no announcement, as yet, of any Y2K problems which has affected so many in the UK. Or are the Irish immune?

A new VC is born

3i's director of Technology investing Jim Martin, is leaving **3i** to set up his own IT venture fund, **Add Ventures,** and is hoping to raise £60m for pan-European investment. Whilst at 3i, Martin spearheaded their push into the IT sector for unquoted investments. The more VCs the better....

Better than feared at MSB International

Its been a pretty turbulent year so far for IT staffing agency **MSB International.** But at the interim stage for the six months to 31st Jul. 99, revenue improved 11% to just under £100m (and that's all organic), PBT fell 24% to £4.2m (but not the dire loss of c£13m some expected!), with EPS down 13%.

The improvement in revenue was mainly due to the change in sales mix in their Systems & Programming division towards higher fee rate skills. Actual 'like for like' contractor rates only moved up about 2%-3%. Chairman David Sugden thought the results showed *"resilience"* against the background of a *"challenging market place and with on-going significant restructuring within our business"*. He went on to say that *"continued industry price discounting has caused further margin pressure as competitors seek to buy volume"*. Translated this roughly means that margins are being squeezed from an increasing volume of business transacted through Preferred Supplier Agreements or 'PSA abuse' in short. Not uncommon nowadays.

Comment. MSB will likely incur further exceptional restructuring costs of £1.9m in the next year but even so MSB thinks *"it will be stronger and better positioned for the years ahead"*. Certainly after the redundancies and restructuring so far announced, costs are coming down. However MSB is too small to compete in the 'body-shopping' arena with the mega agencies like Adecco, Vedior and Modis. MSB, and other similar companies, must move more up the value chain. All in all, however, a much better picture than we had feared. This was reflected in the share price which went up 31% this month to end on 195p.

Great results from Harvey Nash

In contrast to Diagonal (see p11), IT staff agency **Harvey Nash** *"does not expect to be significantly affected by Y2K as this has always constituted a small part of our business"*. This might well be true, but surely this seems to miss the point. If IT staff are more readily available elsewhere in the market it sure as eggs-is-eggs will affect you too at some time.

But we must not be too churlish. Harvey Nash's interim results for the six months to 31st Jul. 99 were great. Revenue went up 60% to £71.9m, operating profit (OP) before goodwill amortisation increased by 42%, PBT was up 31% at £5.3m with diluted EPS up a lower but still highly creditable, 24%. Most of the revenue growth was organic with a strong 55% rise. Mainland Europe now accounts for 30% (was 18%) of group profits.

Their IT Contract Services division saw a 69% revenue rise to £60.8m with OP up 65% at £4.1m. Within this division, revenues from e-commerce and telecomms doubled. Executive Search and Selection revenues went up a lower 11% to £8.7m with OP up just 5% to £1.6m. Again here e-commerce and telecomms did well with a dramatic rise and now accounts for 30% of ESS revenues. The remaining revenues comes from the small, but fast growing, IT Filesearch Division which had a 73% revenue rise to £1.6m and OP more than doubled. Harvey Nash has just developed a new business area, Resource Management, and have obtained a new *"substantial"* two year contract with a leading (unnamed) IT services group.

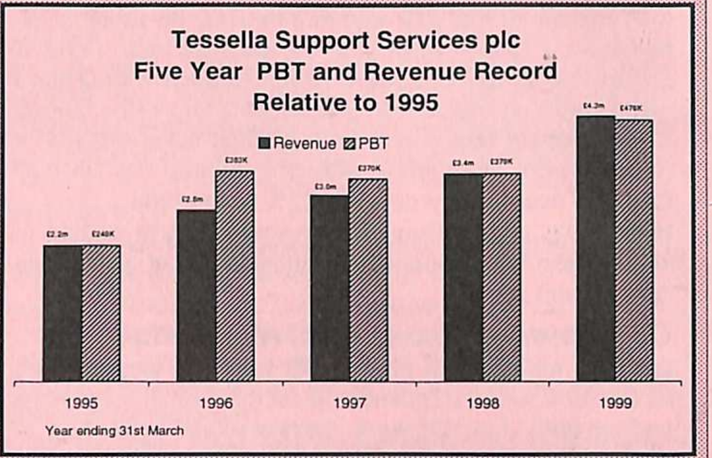
Comment. We are glad to see the increase in revenues outside the UK which now, at £22.5m, represents 31% of total income. With the longer term nature of their activities, we do admit that they are less prone to the present microclimate than some in the ITSA field.

News from the privates....

....Tessella Support Services

As you know we like to bring you news from the "smaller" private companies whenever we can. Hot from the press, Kevin Gell (majority shareholder, Chairman & CEO) has sent us the accounts for **Tessella** (software for the scientific and engineering community) for the year ending 31st Mar. 99. Revenue has now risen 27% to £4.3m, operating profit went up 9% at £386K, but after an exceptional gain of £76K from the sale of office premises, PBT increased a much higher 26% to £476K. That's a pretty good 11.2% margin. Staff numbers are now up to over 90. Cash in hand stands at a pretty substantial £761K.

Gell has said that the reason for the relative low operating profit rise is the extra money spent in establishing new branch offices and the 17% staff churn causing higher staff overheads. He sees somewhat similar margins in FY00 with improvements in the following years. Still overall not at all bad results. *We always wonder a little just why we are sent accounts from the less well known companies.....*



....Teleca Software Engineering

Teleca was established in 1992 and has grown profitably each year since. They deliver "high calibre" software resources at any stage of the software life cycle: from analysis and specification, through design etc. to commissioning and maintenance. Clients have included the likes of Siemens, HP, Racal and Psion. The company has moved into the Internet field and are now in partnership with a UK ISP. Although still fairly small they are certainly profitable. In the years to 31st Dec. 97 and 98, revenue move than doubled to £3.6m and the 98 PBT of £1.1m gives them an excellent margin of nearly 30%. We await the 1999 figures, but according to director Paul Sherwood, they are on target to exceed £5.5m revenue. *One to watch in future.*

eXchange Holdings

eXchange Holdings is in the news this month on two fronts. Firstly they announced a link up with **First Global** to launch *"the UK's first independent, on-line comparison and transaction service for life assurance"*. eXchange are currently causing major competition to Misys and indeed some experts are saying that it could cost Misys between £50m/£100m to develop its competitive offerings... or risk eXchange taking much of its core insurance intermediary business.

Then eXchange acquired **MoneyWorld**, a leading UK on-line personal finance business, for c£9m - part cash, part securities. MoneyWorld claim to be currently accessed by 50,000 visitors daily. They had FY99 revenues of just £588K.

Talking the Talk – Quality Dialogue

We attended an excellent seminar last month, hosted by the London Stock Exchange. The topic was *"Maximising the Impact of Investor Relations"* – a very intensive, but hugely informative day with no fewer than ten presentations from a range of speakers including fund managers and brokers.

One of the sessions that we found of most interest was presented by Tim Ward, head of business development at the London Stock Exchange. Tim, who incidentally managed the development of techMARK, summarised the findings of a recent report from the DTI called *"Creating Quality Dialogue Between Smaller Quoted Companies and Fund Managers"*.

The 'raison d'etre' behind the report was simply this. Trends in the investor community are turning the attention of fund managers increasingly towards larger companies. Therefore, smaller companies (and don't forget that 85% of the 100 or so companies in Holway's SCSI index have a market cap. under £300m) will have to work harder and smarter at Investor Relations (IR) if they are to attract and retain investment funds.

The DTI sponsored a survey of smaller company fund managers and executives in smaller quoted companies (SQCs) to find out where the communication gaps are, and to come up with practical advice as to what both fund managers (FMs) and SQCs need to do to plug them.

The findings of the survey were enlightening, and pointed to a fundamental lack of mutual understanding between SQCs and FMs. In particular, patchy standards of dialogue and relationships, lack of understanding between the parties, and absence of transparency – leading to mistrust.

The report authors came up with a set of common sense recommendations built around encouraging 'quality dialogue' between SQCs and FMs. Some of the recommendations for SQCs – such as producing an Investor Communications Statement (a sort of 'service level agreement') – were aimed at setting expectations and standards about how SQCs communicate with FMs. Investor Communication Statements seem relatively easily to develop – although they require discipline (on both sides) to stick to them!

Other recommendations – such as issuing quarterly trading reports – are potentially much more onerous for SQCs. On the other hand, FMs generally observe that quarterly reporting tends to generate liquidity around the time of announcement.

We were also pleased to see specific recommendations regarding the use of company web sites to disseminate IR information – as you know, we are 'on your case' and we will report again on progress later in the year.

There were some specific recommendations for FMs, too. These were mainly to do with providing constructive feedback to SQCs, giving a clear understanding of what information FMs expect, through an ongoing education process.

The bottom line was simple and sensible. Communications from SQCs needs to be simple, consistent, forward looking and informative. Although 'quality dialogue' between SQCs and FMs is not a panacea for all IR woes, getting it right (or at least doing it better) can help materially improve your chances of attracting and keeping investors.

"Creating Quality Dialogue Between Smaller Quoted Companies and Fund Managers" is available from the DTI – Ref: URN 99/571.

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Admiral plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£65,805,000	£147,187,000	£84,927,000	+29.1%
PBT	£10,329,000	£23,479,000	£10,936,000	+5.9%
EPS	10.20p	24.90p	11.20p	+9.8%

AFA Systems plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£113,000	£809,000	£386,000	+241.6%
PBT	-£1,064,000	-£1,444,000	-£716,000	Loss both
EPS	-8.40p	-11.80p	-4.70p	Loss both

AIT Group plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£13,556,000		£17,460,000	+28.8%
PBT	£2,164,000		£2,764,000	+27.7%
EPS	7.11p		9.08p	+27.7%

Anite Group plc

	Final - Apr 98		Final - Apr 99	Comparision
REV	£149,540,000		£180,829,000	+20.9%
PBT	£29,049,000		£6,788,000	-76.6%
EPS	8.70p		1.50p	-82.8%

Axon Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£7,488,000	£20,024,253	£11,744,000	+56.8%
PBT	£287,000	£1,824,401	£1,686,000	+487.5%
EPS	0.40p	2.80p	2.20p	+450.0%

Azlan Group plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£292,073,000		£343,000,000	+17.4%
PBT	-£7,860,000		£3,900,000	Loss to profit
EPS	-12.20p		4.10p	Loss to profit

Baltimore Technologies plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£7,970,000	£9,883,512	£9,810,000	+23.1%
PBT	-£523,000	-£5,173,012	-£16,000,000	Loss both
EPS	-6.40p	-25.30p	-57.40p	Loss both

Baron Corporation plc

	Final - Aug 97	Sep 98 - Apr 99	Final - Aug 98	Comparision
REV	£3,758,000	£1,513,000	£2,364,000	-37.1%
PBT	£85,000	-£84,000	-£175,000	Profit to loss
EPS	n/a	n/a	n/a	n/a

Bond International Software plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£4,320,000	£8,807,697	£4,567,000	+5.7%
PBT	£284,000	£935,378	£327,000	+15.1%
EPS	1.37p	4.54p	1.58p	+15.3%

Cadcentre Group plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£17,727,000		£17,861,000	+0.8%
PBT	£2,754,000		£3,001,000	+9.0%
EPS	10.06p		11.21p	+11.4%

Capita Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£117,907,000	£237,802,000	£150,227,000	+27.4%
PBT	£10,484,000	£27,019,000	£14,115,000	+34.6%
EPS	3.35p	8.68p	4.59p	+37.0%

Cedar Group plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£12,506,000		£23,046,000	+84.3%
PBT	£2,564,000		£2,807,000	+9.5%
EPS	5.30p		5.50p	+3.8%

CFS Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£3,160,000	£10,989,000	£6,090,000	+92.7%
PBT	£161,000	£1,223,000	£262,000	+62.7%
EPS	1.23p	8.33p	1.29p	+4.9%

Clinical Computing plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£1,664,000	£3,039,301	£1,561,000	-6.2%
PBT	£205,000	£276,584	£253,000	+23.4%
EPS	0.80p	1.10p	1.00p	+25.0%

CMG plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£194,151,000	£443,832,000	£290,496,000	+49.6%
PBT	£23,960,000	£57,482,000	£35,758,000	+49.2%
EPS	12.10p	29.00p	18.50p	+52.9%

Comino plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£13,151,000		£18,595,000	+41.4%
PBT	£1,950,000		£2,718,000	+39.4%
EPS	11.71p		14.83p	+26.6%

Compel Group plc

	Final - Jun 98		Final - Jun 99	Comparision
REV	£210,003,000		£293,750,000	+39.9%
PBT	£9,021,000		£12,679,000	+40.5%
EPS	21.20p		34.90p	+64.6%

Computacenter plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£775,746,000	£1,586,238,000	£904,816,000	+16.6%
PBT	£31,332,000	£64,603,000	£40,732,000	+30.0%
EPS	11.40p	23.50p	14.60p	+28.1%

DCS Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£46,480,000	£110,172,000	£74,430,000	+60.1%
PBT	£3,053,000	£7,353,000	£3,364,000	+10.2%
EPS	9.07p	21.62p	8.16p	-10.0%

DRS Data & Research Services plc

	Interim - Jul 98	Final - Dec 98	Interim - Jul 99	Comparision
REV	£3,167,000	£6,777,000	£4,517,000	+42.6%
PBT	-£316,000	-£26,000	£214,000	Loss to profit
EPS	-0.91p	-0.13p	0.53p	Loss to profit

Delcam plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£6,479,637	£13,735,249	£7,677,884	+18.5%
PBT	-£675,577	-£1,418,549	£509,549	Loss to profit
EPS	-9.60p	-23.10p	7.00p	Loss to profit

Diagonal plc

	Interim - May 98	Final - Nov 98	Interim - May 99	Comparision
REV	£31,860,000	£70,179,000	£37,141,000	+16.6%
PBT	£3,053,000	£7,314,000	£4,358,000	+42.7%
EPS	2.56p	6.16p	3.66p	+43.0%

Dialog Corporation plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£88,750,000	£170,762,000	£87,330,000	-1.6%
PBT	£6,990,000	£5,564,000	£1,700,000	-75.7%
EPS	4.10p	2.90p	0.70p	-82.9%

Druid Group plc

	Final - Jun 98		Final - Jun 99	Comparision
REV	£40,604,000		£59,776,000	+47.2%
PBT	£8,044,000		£11,216,000	+39.4%
EPS	23.37p		33.22p	+42.1%

ECsoft Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£30,193,000	£62,211,000	£34,186,000	+13.2%
PBT	£2,882,000	£8,108,000	£2,840,000	-1.5%
EPS	19.70p	49.90p	15.20p	-22.8%

Eidos plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£137,234,000		£226,284,000	+64.9%
PBT	£16,507,000		£37,920,000	+129.7%
EPS	64.10p		141.50p	+120.7%

Electronic Data Processing plc

	Interim - Mar 98	Final - Sep 98	Interim - Mar 99	Comparision
REV	£5,812,000	£11,518,000	£5,469,000	-5.9%
PBT	£1,235,000	£2,210,000	£1,225,000	-0.8%
EPS	3.23p	5.89p	3.24p	+0.3%

F.I. Group plc

	Final - Apr 98		Final - Apr 99	Comparision
REV	£161,595,000		£228,353,000	+41.3%
PBT	£10,670,000		£17,025,000	+59.6%
EPS	3.68p		5.80p	+57.6%

Financial Objects plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£10,275,000	£21,662,000	£10,690,000	+4.0%
PBT	£1,589,000	£3,438,000	£2,649,000	+66.7%
EPS	4.13p	8.98p	5.20p	+25.9%

Flomerics Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£2,938,163	£6,910,106	£3,443,222	+17.2%
PBT	-£268,699	£384,123	-£149,606	Loss both
EPS	n/a	10.10p	n/a	n/a

Gresham Computing plc

	Interim - Apr 98	Final - Oct 98	Interim - Apr 99	Comparision
REV	£8,522,000	£23,063,000	£16,301,000	+91.3%
PBT	£1,017,000	£3,003,000	£1,483,000	+45.8%
EPS	1.91p	5.46p	2.35p	+23.0%

Guardian iT plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£13,706,000	£29,693,000	£19,647,000	+43.3%
PBT	£2,959,000	£6,629,000	£3,614,000	+22.1%
EPS	3.94p	9.00p	4.79p	+21.6%

Harvey Nash Group plc

	Interim - Jul 98	Final - Jan 99	Interim - Jul 99	Comparision
REV	£44,861,000	£104,851,000	£71,899,000	+60.3%
PBT	£4,074,000	£8,869,000	£5,326,000	+30.7%
EPS	9.52p	19.29p	11.81p	+24.1%

Highams Systems Services Group plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£25,143,421		£34,069,990	+35.5%
PBT	£1,383,327		£1,524,855	+10.2%
EPS	5.34p		5.40p	+1.1%

ICM Computer Group plc

	Final - Jun 98		Final - Jun 99	Comparision
REV	£35,881,000		£40,047,000	+11.6%
PBT	£2,702,000		£4,335,000	+60.4%
EPS	8.70p		14.90p	+71.3%

ilion Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£120,100,000	£244,803,000	£131,900,000	+9.8%
PBT	£1,158,000	-£3,243,000	£610,000	-47.3%
EPS	3.50p	-8.80p	-0.90p	Profit to loss

Intelligent Environments Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£2,627,000	£6,633,118	£4,090,000	+55.7%
PBT	-£874,000	-£1,024,104	-£370,000	Loss both
EPS	-3.20p	-3.42p	-1.20p	Loss both

Internet Technology Group plc

	Interim - Apr 98	Final - Oct 98	Interim - Apr 99	Comparision
REV	£4,286,000	£11,012,000	£8,854,000	+106.6%
PBT	-£164,000	£55,000	-£1,588,000	Loss both
EPS	-0.42p	0.12p	-3.43p	Loss both

IS Solutions plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£4,200,000	£8,745,633	£4,300,000	+2.4%
PBT	£404,000	£942,384	£362,000	-10.4%
EPS	5.68p	13.67p	5.28p	-7.0%

ITNET plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£50,172,000	£105,728,000	£60,969,000	+21.5%
PBT	£2,208,000	£7,346,000	£4,055,000	+83.7%
EPS	1.70p	6.90p	4.00p	+135.3%

JBA Holdings plc

	Final Dec 97		Final - Dec 98	Comparision
REV	£221,737,000		£291,537,000	+31.5%
PBT	£5,233,000		-£1,696,000	Profit to loss
EPS	9.8		-20.46p	Profit to loss

JSB Software Technologies plc

	Final - May 98		Final - May 99	Comparision
REV	£3,362,000		£4,003,000	+19.1%
PBT	£6,000		-£1,314,000	Profit to loss
EPS	n/a		-12.78p	n/a

Kalamazoo Computer Group plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£65,711,000		£65,870,000	+0.2%
PBT	-£2,329,000		-£2,198,000	Loss both
EPS	-3.00p		-3.30p	Loss both

Kewill Systems plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£44,586,000		£60,079,000	+34.7%
PBT	£6,346,000		£7,196,000	+13.4%
EPS	5.56p		5.44p	-2.2%

Keystone Software plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£438,742		£1,585,217	+261.3%
PBT	-£751,498		-£2,400,057	Loss both
EPS	-8.90p		-18.90p	Loss both

Logica plc

	Final - Jun 98		Final - Jun 99	Comparision
REV	£472,957,000		£659,468,000	+39.4%
PBT	£41,825,000		£58,604,000	+40.1%
EPS	8.20p		10.80p	+31.7%

London Bridge Software Holdings plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£8,054,000	£22,375,000	£19,454,000	+141.5%
PBT	£2,705,000	£7,365,000	£3,533,000	+30.6%
EPS	6.18p	19.77p	6.52p	+5.5%

Lorien plc

	Interim - May 98	Final - Nov 98	Interim - May 99	Comparision
REV	£68,000,000	£138,407,000	£70,900,000	+4.3%
PBT	£2,488,000	£2,549,000	-£1,572,000	Profit to loss
EPS	8.00p	8.00p	-8.70p	Profit to loss

Lynx Group plc

	Interim - Mar 98	Final - Sep 98	Interim - Mar 99	Comparision
REV	£80,393,000	£180,870,000	£103,844,000	+29.2%
PBT	£5,526,000	£13,252,000	£6,370,000	+15.3%
EPS	3.56p	8.43p	3.92p	+10.1%

MMT Computing plc

	Interim - Feb 98	Final - Aug 98	Interim - Feb 99	Comparision
REV	£16,991,000	£36,698,698	£21,536,000	+26.7%
PBT	£4,250,000	£10,005,754	£5,119,000	+20.4%
EPS	22.70p	50.60p	26.60p	+17.2%

MDIS Group plc

	Final - Dec 97		Final - Dec 98	Comparision
REV	£116,925,000		£133,014,000	+13.8%
PBT	£221,000		£3,966,000	+1694.6%
EPS	0.22p		3.06p	+1290.9%

Macro 4 plc

	Final - Jun 98		Final - Jun 99	Comparision
REV	£24,234,000		£31,025,000	+28.0%
PBT	£10,060,000		£10,400,000	+3.4%
EPS	33.70p		34.80p	+3.3%

MERANT plc

	Final - Jan 98		Final - Apr 99	Comparision
REV	£97,015,000		£215,473,000	not comparable
PBT	£15,217,000		-£11,572,000	Profit to loss
EPS	13.28p		-14.30p	Profit to loss

Microgen plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£32,560,000	£70,105,000	£15,472,000	-52.5%
PBT	£1,285,000	£8,492,000	£1,516,000	+18.0%
EPS	0.40p	2.20p	2.10p	+425.0%

Misys plc

	Final - May 98		Final - May 99	Comparision
REV	£447,700,000		£582,000,000	+30.0%
PBT	£51,700,000		£91,400,000	+76.8%
EPS	5.70p		10.60p	+86.0%

Mondas plc

	Final - Apr 98		Final - Apr 99	Comparision
REV	£297,169		£955,301	+221.5%
PBT	-£484,322		-£520,770	Loss both
EPS	-7.90p		-5.70p	Loss both

Moorepay Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£3,181,000	£8,365,688	£5,662,000	+78.0%
PBT	£1,141,000	£2,043,492	£1,617,000	+41.7%
EPS	7.14p	12.39p	9.51p	+33.2%

Morse Holdings plc

	Final - Jun 98		Final - Jun 99	Comparision
REV	£216,101,000		£283,943,000	+31.4%
PBT	£11,799,000		£18,853,000	+59.8%
EPS	19.60p		22.70p	+15.8%

MSB International plc

	Interim - Jul 98	Final - Jan 99	Interim - Jul 99	Comparision
REV	£90,403,000	£191,345,000	£99,869,000	+10.5%
PBT	£5,474,000	£8,088,000	£4,185,000	-23.5%
EPS	17.90p	27.00p	16.00p	-10.6%

MSW Technology plc

	Final - May 98		Final - May 99	Comparision
REV	£2,909,951		£1,896,518	-34.8%
PBT	£502,442		-£1,641,522	Profit to loss
EPS	7.05p		-20.86p	Profit to loss

NetBenefit plc

	Period to Jun 98		Final - Jun 99	Comparision
REV	£1,138,823		£1,969,751	+73.0%
PBT	-£2,857		£279,862	Loss to Profit
EPS	n/a		n/a	n/a

NSB Retail Systems plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£3,413,000	£8,366,637	£5,214,000	+52.8%
PBT	£749,000	£1,477,983	£873,000	+16.6%
EPS	4.30p	8.00p	4.50p	+4.7%

Oxford Molecular plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£7,737,000	£21,505,000	£10,161,000	+31.3%
PBT	-£2,195,000	-£1,228,000	-£4,184,000	Loss both
EPS	-3.10p	-2.20p	5.00p	Loss both

Parity plc

	Interim - Jun 98	Final - Dec 97	Interim - Jun 99	Comparision
REV	£134,987,000	£290,200,000	£153,556,000	+13.8%
PBT	£8,754,000	£20,032,000	£10,240,000	+17.0%
EPS	3.86p	8.84p	4.53p	+17.4%

Pegasus Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£7,410,000	£14,979,000	£8,121,000	+9.6%
PBT	£632,000	£928,000	£86,000	-86.4%
EPS	6.70p	18.30p	5.20p	-22.4%

PhoneLink plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£3,206,000		£10,014,000	+212.4%
PBT	-£3,746,000		-£3,381,000	Loss both
EPS	-7.70p		-5.40p	Loss both

Planit Holdings plc

	Final - Apr 98		Final Apr -99	Comparision
REV	£6,181,000		£9,676,000	+56.5%
PBT	-£5,291,000		£1,570,000	Loss to profit
EPS	-26.70p		1.60p	Loss to profit

Policy Master plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£5,054,000	£11,338,405	£7,715,000	+52.7%
PBT	£164,000	£697,390	£500,000	+204.9%
EPS	1.32p	5.86p	3.50p	+165.2%

Polydoc plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£440,000	£891,000	£506,000	+15.0%
PBT	-£390,000	-£981,000	-£616,000	Loss both
EPS	-2.00p	-5.20p	-3.00p	Loss both

Protherics plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£178,000		£696,000	+291.0%
PBT	-£4,127,000		-£3,947,000	Loss both
EPS	-7.17p		-5.54p	Loss both

QSP plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£18,135,000	£41,219,436	£22,166,000	+22.2%
PBT	£1,285,000	£4,604,830	£1,422,000	+10.7%
EPS	9.00p	32.60p	7.50p	-16.7%

Quantica plc

	Interim - May 98	Final - Nov 98	Interim - May 99	Comparision
REV	£6,598,000	£15,164,000	£8,286,000	+25.6%
PBT	£1,289,000	£3,460,000	£1,593,000	+23.6%
EPS	3.14p	6.79p	2.64p	-15.9%

RM plc

	Interim - Mar 98	Final - Sep 98	Interim - Mar 99	Comparision
REV	£50,473,000	£130,996,000	£71,116,000	+40.9%
PBT	£636,000	£10,037,000	£2,493,000	+292.0%
EPS	0.50p	7.90p	1.90p	+280.0%

Rage Software plc

	Final - Jun 98		Final - Jun 99	Comparision
REV	£3,623,000		£8,845,000	+144.1%
PBT	£860,000		£3,121,000	+262.9%
EPS	0.32p		1.03p	+221.9%

RDL Group plc

	Final - Sep 97	Interim - Mar 99	Final - Sep 98	Comparision
REV	£10,615,000	£8,532,000	£15,692,000	+47.8%
PBT	£298,000	£451,000	£1,154,000	+287.2%
EPS	n/a	n/a	n/a	n/a

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Real Time Control plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£15,880,000		£16,795,000	+5.8%
PBT	£3,163,000		£4,366,000	+38.0%
EPS	30.80p		42.30p	+37.3%

Recognition Systems Group plc

	Interim - Mar 98	Final - Sep 98	Interim - Mar 99	Comparision
REV	£327,000	£788,000	£955,000	+192.0%
PBT	-£1,333,000	-£2,260,000	-£733,000	Loss both
EPS	-3.20p	-6.30p	-1.20p	Loss both

Riva Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£36,199,000	£80,090,000	£36,544,000	+1.0%
PBT	£349,000	£403,000	£938,000	+168.8%
EPS	0.60p	-0.10p	1.60p	+166.7%

Rolfe & Nolan plc

	Final - Feb 98		Final - Feb 99	Comparision
REV	£21,714,000		£21,000,000	-3.3%
PBT	-£894,000		£1,600,000	Loss to profit
EPS	-10.20p		7.90p	Loss to profit

Romtec plc

	Final - Jan 98		Final - Jan 99	Comparision
REV	£4,217,440		£3,900,572	-7.5%
PBT	£310,718		£273,934	-11.8%
EPS	4.00p		2.30p	-42.5%

royalblue Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£13,312,000	£29,514,000	£17,905,000	+34.5%
PBT	£1,815,000	£4,543,000	£2,744,000	+51.2%
EPS	3.70p	9.30p	5.50p	+48.6%

Sage Group plc

	Interim - Mar 98	Final - Sep 98	Interim - Mar 99	Comparision
REV	£88,798,000	£191,547,000	£132,545,000	+49.3%
PBT	£23,967,000	£47,635,000	£35,479,000	+48.0%
EPS	14.68p	28.85p	20.58p	+40.2%

Sanderson Group plc

	Interim - Mar 98	Final - Sep 98	Interim - Mar 99	Comparision
REV	£34,743,000	£73,589,000	£54,366,000	+56.5%
PBT	£4,049,000	£8,592,000	£5,609,000	+38.5%
EPS	6.20p	12.80p	7.20p	+16.1%

SBS Group plc

	Interim - Feb 98	Final - Aug 98	Interim - Feb 99	Comparision
REV	£11,308,000	£35,856,000	£28,318,000	+150.4%
PBT	£529,000	£1,485,000	£1,367,000	+158.4%
EPS	4.80p	11.80p	9.60p	+100.0%

Science Systems plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£12,107,000	£24,319,000	£16,615,000	+37.2%
PBT	£1,245,000	£2,217,000	£1,511,000	+21.4%
EPS	4.70p	8.90p	6.30p	+34.0%

Sema Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£610,600,000	£1,250,400,000	£668,600,000	+9.5%
PBT	£31,100,000	£97,800,000	£37,900,000	+21.9%
EPS	4.80p	14.60p	5.80p	+20.8%

Sherwood International plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£18,090,000	£42,591,000	£22,493,000	+24.3%
PBT	£1,846,000	£5,494,000	£2,881,000	+56.1%
EPS	3.00p	9.00p	4.30p	+43.3%

Skillsgroup plc

	Interim - May 98	Final - Nov 98	Interim - May 99	Comparision
REV	£96,400,000	£208,400,000	£115,000,000	+19.3%
PBT	£6,600,000	£14,400,000	£6,400,000	-3.0%
EPS	5.80p	12.30p	5.30p	-8.6%

Spring Group plc

	Final - Apr 98		Final - Apr 99	Comparision
REV	£279,231,000		£403,154,000	+44.4%
PBT	£18,109,000		£14,180,000	-21.7%
EPS	8.30p		6.09p	-26.6%

Staffware plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£9,641,000	£22,187,000	£11,223,000	+16.4%
PBT	£231,000	£250,000	£716,000	+210.0%
EPS	1.20p	1.10p	3.50p	+191.7%

Superscape VR plc

	Interim - Jan 98	Final - Jul 98	Interim - Jan 99	Comparision
REV	£2,568,000	£4,220,000	£2,122,000	-17.4%
PBT	-£956,000	-£3,516,000	-£87,000	Loss both
EPS	-10.90p	-37.30p	-0.71p	Loss both

Synstar plc

	Interim - Mar 98	Final - Sep 98	Interim - Mar 99	Comparision
REV	£78,827,000	£164,425,000	£104,034,000	+32.0%
PBT	£0	£2,169,000	£420,000	n/a
EPS	0.00p	1.70p	0.30p	n/a

Systems Integrated Research plc

	Final - May 98		Final - May 99	Comparision
REV	£1,035,000		£1,405,000	+35.7%
PBT	-£493,000		£140,000	Loss to profit
EPS	-4.00p		0.71p	Loss to profit

Terence Chapman Group plc

	Final - Aug 97	Interim - Feb 99	Final - Aug 98	Comparision
REV	£16,025,205	£15,747,000	£20,886,414	+30.3%
PBT	£500,909	£2,721,000	£3,151,187	+529.1%
EPS	0.72p	3.32p	4.02p	+458.3%

Torex plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£9,426,000	£21,770,000	£18,532,000	+96.6%
PBT	£1,603,000	£2,982,000	£1,775,000	+10.7%
EPS	3.80p	6.80p	3.90p	+2.6%

Total Systems plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£4,134,866		£3,247,157	-21.5%
PBT	£1,019,675		£629,873	-38.2%
EPS	6.72p		4.29p	-36.2%

Touchstone Group plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£6,154,000		£7,663,000	+24.5%
PBT	£841,000		£1,048,000	+24.6%
EPS	6.91p		7.70p	+11.4%

Trace Computers plc

	Final - May 98		Final - May 99	Comparision
REV	£14,658,625		£17,073,000	+16.5%
PBT	£1,205,166		£4,367,000	+262.4%
EPS	6.11p		25.94p	+324.5%

Triad Group plc

	Final - Mar 98		Final - Mar 99	Comparision
REV	£32,161,000		£49,306,000	+53.3%
PBT	£6,609,000		£8,629,000	+30.6%
EPS	17.62p		22.74p	+29.1%

Ultima Networks plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£8,280,000	£14,437,000	£6,470,000	-21.9%
PBT	-£1,070,000	-£5,093,000	-£610,000	Loss both
EPS	-1.27p	-4.85p		Loss both

Vega Group plc

	Final - Apr 98		Final - Apr 99	Comparision
REV	£22,457,000		£28,993,000	+29.1%
PBT	£3,081,000		£4,292,000	+39.3%
EPS	13.71p		17.42p	+27.1%

Workplace Technologies plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 98	Comparision
REV	£39,970,000	£82,964,000	£56,200,000	+40.6%
PBT	£1,317,000	£3,275,000	-£280,000	Profit to loss
EPS	2.44p	6.50p	-2.34p	Profit to loss

XKO Group plc. Pro-forma only

	Final - Mar 98		Final - Mar 99	Comparision
REV	£24,288,000		£28,428,000	+17.0%
PBT	£1,979,000		£2,667,000	+34.8%
EPS	6.10p		8.20p	+34.4%

Merant is now reaching beyond its origins with a batch of middleware packages for e-commerce. Merant wants to refocus itself as so far the merger last year with US Intersolv has yet struggled to prove itself. Q199 figures showed a £7.9m loss!

Compaq wins BPO contract

Compaq UK has been awarded a £71m/10-year contract from the UK government to design, implement and manage the IT infrastructure for the land registration systems of HM Land Registry. In a government statement the Land Registry said the deal, which will see the creation of the largest ever property data base, is unusual in that it will retain control of the business process re-engineering, with Compaq as a *"strategic technology partner"*.

Interesting as an example of Compaq's move into managed services and BPO in particular.

Perhaps as another indication of the Y2K microclimate, Compaq reported Q3 revenues from its corporate PC operations down 12%. Enterprise Solutions & Services - now 54% of total sales - were flat at $4.9b.

UK SCS companies lead the world?

Alan Fisher from MMT - one of our many readers - brought to our attention the November 1st issue of the **Forbes Global** magazine. It has a review of the *"top 300 small companies in the world"*. The list includes seven UK SCS companies - Admiral, DCS Group, Gresham Computing, Kingston Communications, Lynx Group, MMT Computing and Sage Group.

The criteria for inclusion were that the companies should be publicly quoted, with less than $500m dollars revenue, at least 10% return on equity and 15% growth in sales and earnings in the last fiscal year.

There are exactly the same number of European companies as North American (112), but the SCS sector is more heavily represented in the North American list (32 companies, as against 21). However, looking at the UK, not only do we have more companies on the list than our main European neighbours, we also have a larger proportion of SCS companies (we account for a third of the European SCS companies listed). In fact, the proportion of SCS companies in the UK list approaches that in the North American list. *"A sign that our SCS sector is very healthy, in world terms?"* asks Alan.

As a regular reader he should be able to answer that question, in the affirmative, for himself.

What future for distributors?

CHS Electronics Inc. has appointed the receivers at at least one of its three UK subsidiaries **CHS Electronics plc.** The receivership was prompted by Deutsche Financial Services who were owed £17m after Intel cancelled its major agreement with the company. This operation had revenue of c£140m and losses of c£4m in the first six months of 1999. **Specialist Computer Holdings** and **Westcoast** are named as possible buyers for both this and the other UK subsidiaries which include **Metrologie UK**. But, exactly what they would buy, and therefore, why they should want to undertake such an exercise, remains in doubt. In addition, a team headed by Mark Keough (currently COO of CHS Electronics) and Ross Mullkens were submitting an MBO bid for all CHS' operations in Europe. As a protection, CHS has filed for creditor protection for its German and Austrian units which also made losses ($13.9m) on revenue of $735m in the first half of 1999.

CHS Inc. has seen its share price crash to a pretty ignominious 7/16th - i.e. a market cap. of <$50m. *Interesting for a company with annualised sales exceeding $8 billion!*

Exactly where that leaves the future of the distribution channel in the UK - or Europe - is anyone's guess. Many manufacturers are moving to an internet model which makes the distributor redundant. The distributors' normal customers - the smaller resellers - are also suffering or finding it easier to order direct.

Contracts...

We don't usually cover contract wins, but IBM's deal with stockbrokers **Cazenove** is important. All the day-to-day running of Cazenove's computers has been handed to **IBM Global Services** in a 10 year deal reputed to be the largest UK private sector outsourcing deal to date. Although no figures are forthcoming from Cazenove, IBM had said it was the largest City deal so far (FT.15th Oct. 99) - putting it ahead of the c£100m Halifax deal with EDS.

And whilst we are on the subject of contracts, we understand that the controversial £1b/10 year Inland Revenue contract with **EDS**, awarded in 1993, is now worth an estimated £2b. This is way above the 96 IR revised estimate of £1.6b. But the IR is still "happy" - *although some IR IT staff might disagree!*

M&A

Skillsgroup has announced the acquisition of **GA Information Systems** (GAIS) for £11m, £3.1m deferred. GAIS is a provider of business intelligence solutions software to the blue chip market. Established in 1995, it had revenues of £5.2m and £700K PBT in the year to 31st Dec. 98. Skillsgroup also announced an MBO of its knowledge management **Synergica AB** subsidiary in Sweden for c£100K.

Real Software SA of Belgium has bought **Bull UK's healthcare business** for an undisclosed sum The operation has 25 staff and expected revenues of c£3m in 1999.

ITSA company **SBS Group** is to acquire **Applied Concepts Inc.**, a New York-based IT staff agency for a maximum consideration of £6.5m (£4.1m up front). ACI specialises in the telecoms business and had revenues of £4.3m and PBT of £200K in the year to 30th Oct. 98. SBS said the acquisition of ACI was *"a significant step"* in its international development strategy - SBS was an AIM IPO in Jun. 97 at 100p.

Sanderson has acquired **Creative Microsystems Inc.**, a US software house, for £1.5m, £1.25m in cash and the rest in shares. CMI had revenue of $4.5m and *"adjusted profits"* of $550K in year to 31st Mar. 99.

CMG has acquired **Thijssen Information Systems** (ERP systems) of the Netherlands from **Volker Wessels Stevin** N.V for NFl.2.5m (c£700K) in cash. TIS had revenues of NFl.15.6m (c£4.6m) in 1998. TIS systems are generally linked to those of SAP and Baan, and CMG said at their analyst briefing last month they could take on any ERP resources they could find to meet current demand. The company has also acquired French insurance sector specialist **Eurasoft SA** for FFr33m (c£3.4m) in cash. **Eurasoft** employs 45 staff and booked sales of FFr14.7m (£1.5m) and operating profit of FFr3.5m (£0.4m) in 1998.

Freeserve has paid £2.6m cash for a 15% stake in **InFront Ltd**, a CD retailer which trades as **Streets Online**. Hardly a dent in Freeserve's post-IPO cash mountain.

Software AG has acquired the UK-based software group **SGML Technologies** for an undisclosed sum. SGML was expecting revenues of more than £6m in this financial year.

Games developer **Rage Software** is to acquire the assets of flight simulation developer **Digital Image Design** from **Infogrames** for £5.5m through a rights issue. DID had a pre-tax loss of £444K in the year to 30th Jun. 98.

Rolfe & Nolan has acquired the IPRs to **Ranorder** for £2.81m from **BR Technology Inc.** and **Computer Voice Systems Inc**. Ranorder is an order processing system for futures and options transactions - R&N has had a distribution agreement for the service for 18 months.

Granville plc has been bought by **Robert W Baird & Co** *"the leading specialist US investment banking and brokerage firm*". The deal values Granville, which will be known as Granville Baird, at £33m including £5.4m deferred. The "merger" will be particularly strong in the IT area incl. staffing and outsourcing. Granville's recent deals include Select Appointments/Vedior and Riva/Anker.

Apion has been acquired by US **Phone.com** for $239m. Apion was spun out by Aldiscon's founder Gilbert Little when Logica bought Aldiscon - Little's 25% share has earned him $60m on the deal. Belfast-based Apion provides software which allows mobile phones to access the internet. Phone.com is one of those gravity defying .com. stocks - revenues of $13.4m, losses of $18.7m and a market valuation of....you guessed it $6 billion. The company stock is up 12-fold since its June IPO. It's good news for Belfast

though as Phone.com will base its European development and support centre there.

Cap Gemini UK has sold its **Visit Plus** logistics optimisation software to **Bluegate**, but no terms were disclosed. Cap Gemini will continue to provide customer support and product development services to Bluegate.

Dialog has acquired the remaining 30% stake it didn't own in **Muscat** (knowledge retrieval systems) for £2.5m. Muscat had revenues of £1.3m in the year to Dec. 1998.

Easyscreen (computer interfaces for LIFFE) is to raise £20m in a placing at 170p - the company's capitalisation at this price is £75m. The money raised will be used to finance expansion abroad - £8m will be used to adapt products for other exchanges and £4.5m will be invested in office, sales and support facilities.

Siemens AG has confirmed it is to sell its **Nixdorf** retail and banking systems operations to **Kohlberg Kravis & Roberts** *"and one other (unnamed) company"*. A price tag of £460m is rumoured.

Capita has acquired **Capstan Northern Ltd** for £13m. Capstan is not an IT player however. It places supply teachers - about 1,400 a day!

Internet auction house **QXL** (FY99 revenue £2.5m, operating loss £2.1m) made a volatile main stock market and NASDAQ debut. Some 25m shares were traded out of a free float of 28m. The initial price of 195p was exceeded at first, rising by over 30p, but then fell back to end the month on 209p - a valuation of £237m.

Another new float this month (on AIM) was **Oneview.net** which came to the market at 86p - a valuation of £19m. After the first days trading the share price rocketed to a 66% premium. They ended the month down slightly from this high at 142p.

US **Onyx Software** has acquired UK-based **Market Solutions** for $6m with up to a further $8m earn-out.

AEA Technology has sold its **Analytical Services Group** unit to **Harwell Scientifics** (part of **Atesta Group**) for £2.23m. Analytical had revenues of £3.6m and operating profits of £325K last year.

French **Business Objects SA** has bought **Next Action Technology** for c$8m. NAT is a UK-based developer of set-based analysis technology.

Baltimore Technologies is raising £88m in an open offer at £15 per share - a 5.8% discount to the previous closing price. Funds are to be used to expand US presence and *"pursue selective M&A activities"*. Baltimore shares ended October up 55% in the month at £18.75p on the news.

Crisp Computing (solutions for the financial services industry) has made its second purchase this year (it acquired AD Valorem in June). They have now bought the **Gemini** product range and corporate business from **Fame Computers.** No amounts disclosed. For those of you who haven't heard of Crisp, they had FY99 revenues of £13.2m and PBT of £4.3m. Apax took a 51% stake in Crisp in Dec. 98 for £11m.

A MBO and additional funding has rescued **PC Security,** which was threatened by a VC pull-out. The company will now be renamed **Netlexis.**

Updata (the provider that we use for our news and share price service) has announced that it will now provide free share price data (delayed 15 minutes) to its satellite users. Updata also announced that it had secured a further £1m financing from **Borson Information Systems** in exchange for a 16% stake. Updata, formed in 1991 by David Linton, receives over 100,000 visitors a month to its web site - www.updata.co.uk.

Still racing ahead in October

The fears about an October crash proved unfounded. Indeed, our SCSI Index rose nearly 5% with the FTSE IT Index up an even hgher 13.5%. Both indices are showing a c55% growth in the first nine months of 1999.

The highest riser - indeed the highest one month riser of all time! - was **Keystone Software,** which put on 122%. Originating in New Zealand, this AIM quoted company has announced a series of major new contracts for its systems with big name international legal and accounting practices. **Recognition Systems** (data mining software) also increased by 72% making it the largest riser this year so far - up a mere 775%. We have always been a strong supporter of RS, but even we did not suspect this kind performance since 3i injected the funds and Bryan Black (from Oracle) took over as CEO. Alan Benjamin (Chairman) and Jane Tozer have recently joined as NEDs. **XKO**, **Baltimore** and **Highams** (here more of a recovery) all put on >50%. Indeed RS is one of the main reasons for the strong performance in our **Software Products** sub-sector index this month and year to date. It has doubled this year to date compared with a more modest 27% increase for **System Houses** - a sector which has outperformed in every other recent year. Interestingly, **ITSAs** have started the climb back. We feel their nadir has been reached!

At the other end of the scale, **Compel** was off 33% as a result of that Y2K profits warning (p11). The same "bug" infected **Skillsgroup** - down 30% - and **MSW** - down 23%

End Oct 99	Move since 1st Jan 98	Move since 1st Jan 99	Move in Oct 99
System Houses	96.4%	26.7%	2.7%
IT Staff Agencies	-35.1%	-21.8%	10.6%
Resellers	25.8%	33.8%	-7.2%
Software Products	136.9%	102.5%	9.9%

31-Oct-99	SCSI Index				6050.27
	FTSE IT (SCS) Index				**2261.00**
	FTSE 100				6255.27
	FTSE AIM				1220.00
SCSI Index =1000 on 15th April 1989	FTSE SmallCap				2635.80
Changes in Indices	SCSI Index	FTSE 100	FTSE IT Index	FTSE AIM Index	FTSE Small Cap
Month (30/9/99 to 31/10/99)	+4.66%	+3.74%	13.53%	+9.14%	-1.61%
From 15th Apr 89	+505.03%	+204.60%			
From 1st Jan 90	+557.57%	+164.83%			
From 1st Jan 91	+754.71%	+189.54%			
From 1st Jan 92	+479.05%	+150.90%			
From 1st Jan 93	+279.66%	+119.75%			+89.99%
From 1st Jan 94	+262.38%	+82.99%			+41.05%
From 1st Jan 95	+303.57%	+104.05%			+50.93%
From 1st Jan 96	+167.89%	+69.55%		27.96%	+35.76%
From 1st Jan 97	+125.97%	+51.88%		24.99%	+20.74%
From 1st Jan 98	99.35%	21.80%	126.10%	22.98%	13.94%
From 1st Jan 99	53.50%	6.34%	56.36%	52.20%	27.28%

No Y2K pains yet at CSC....

Although **Computer Sciences Corp**. (CSC) lost its UK head - Mojtaba Ghassemian - this month to head up EDS' European outsourcing, CSC results for Q3 were pretty good. Certainly no Y2K fears were reported - so far. Revenues increased by 15% to $2.13 billion with profits up 23%. CSC said they had secured contracts worth $5.3 billion in H1 - already ahead of the contracts secured in the whole of the last financial year.

.. or at EDS which has reported Q399 revenue up just 8.3% at $4.7b - largely because of lower billings to GM. But even non-GM revenues were up a lower than average 11.4%. Excluding exceptionals, a profit of $257m was reported. New contracts worth $5.1b were signed in the quarter. The results exceeded forecasts.

Affinity - higher revenue, higher losses

Affinity Internet floated on AIM this year - they came to the market in April at 60p. Since then, the share price at one time rose to 355p but ended the month on 400p - up nearly 7-fold on the float price. Since flotation, they have said that their number of subscribers has risen from 175,000 to 600,000. This makes them #2 behind Freeserve with c1.3m users. At the interim stage for the six months to 30th Jun. 99, revenue grew from £167K for the last full year, to £960K at the interims. About 90% of revenue is generated from telephone use. But losses almost doubled from £921K (full year) to £1.75m (interims).

Chairman Terry Plummer blamed increased losses on the fact that Affinity was *"15 months ahead of budget in terms of growth of the business"*. He also said that he was not concerned by competitions from rivals such as AOL, or the proliferation of free internet services. *"We have a niche in the industry based on brand strength"*. Let's hope he's right. Mind you, Affinity is in a slightly different market as it designs and hosts sites for more than 100 corporate clients, including Arsenal FC, Tiny Computers and Prudential's Egg.

CEO Wayne Lochner said the company could make profits if it stopped attracting new customers. *"This is a land grab. We have got to spend money getting as much of the market as we can"*. Good luck, some companies must win....

ECsoft pleased with results

London and NASDAQ quoted **ECsoft Group** have now announced their Q399 results for the period ending 30th Sep. 99. Revenue fell 4% from $26.9m to $25.8m but due to the strength of the mighty $, revenues were diluted by and estimated $1.1m from revenues achieved in local currencies, assuming constant exchange rates. So taking this at face value, revenue was the same. But the same can't be said for net income which dropped from $2.8m to $726K. Part of the much reduced earnings was due to a one-time expense of $695K relating to employee terminations.

Consolidated revenues for the first nine months of 1999 increased from $80m to $83.7m (and you could add another $2.2m revenue using the criteria above). Combined net income was down from $6.3m to $3.8m. Diluted EPS for the period was down 25%.

Terje Laugerud, President & CEO, said *"Despite the apparent reduction in our net earnings as compared to last year, we are pleased with our third quarter results. This is consistent with our revised plan.... Whilst Year 2000 effects have impacted our traditional business lines, we continue to see strong demand for our Information Systems Management services, including outsourcing, which represented more than 28% of total revenues"*.

ECsoft's shares ended the month down 5% on 825p.

Excellent results from Terence Chapman Group

Terence Chapman (IT systems for financial services sector) on 1st Nov. announced an excellent set of maiden results with revenue up 47% at £30.6m, PBT up 32% at £4.5m and EPS up 33% at 5.82p. It was TCA Consulting (surprise, surprise) that performed best with revenue up 52% at £19.5m. TCA Synergo (TAROT software products for stockbrokers) increased revenues by 38% to £11.3m with operating profit up 66% at £1m.

However, TCG has found the early months of its new FY affected by the Y2K microclimate..*"particularly compared to the very strong first half of last year"*.

An IPO in June 99 at 135p, the shares have gone nowhere and are currently at 128p. *More next month.*

System House SCSI Share Prices and Capitalisation

	FTSE IT Index?	SCS Cat.	Share Price 31-Oct-99	Capitalisation 31-Oct-99	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 31-Oct-99	Share price move since 30-Sep-99	Share price % move in 1999	Capitalisation move since 30-Sep-99	Capitalisation move (£m) in 1999
Admiral	Yes	CS	£9.55	£611.20m	36.0	4.15	34517.06	8.83%	-18.03%	£49.60m	-£127.40m
AFA Systems		SP	£1.50	£27.10m	Loss	33.50	1250.00	21.46%	38.25%	£4.74m	£13.40m
AIT Group		CS	£4.45	£90.30m	47.8	5.17	2966.67	4.09%	93.48%	£3.50m	£43.60m
Anite Group	Yes	CS	£0.58	£143.10m	18.6	0.79	339.18	0.00%	45.00%	£0.00m	£44.80m
Axon		SP	£2.99	£145.60m	59.2	7.27	1705.71	-2.93%	70.57%	-£4.40m	£60.20m
Azlan Group	Yes	R	£0.86	£91.70m	33.4	0.27	371.74	6.87%	39.02%	£5.99m	£25.80m
Baltimore Technologies		SP	£18.75	£566.20m	Loss	57.29	19230.77	54.64%	336.05%	£199.99m	£488.20m
Baron		SP	£1.20	£3.84m	n/a	1.63	1200.00	-7.69%	20.00%	-£0.32m	£0.64m
Bond International		SP	£0.99	£14.20m	20.8	1.61	1523.08	-7.04%	5.32%	-£1.06m	£1.40m
Cadcentre Group		SP	£2.38	£39.40m	20.6	2.21	1187.50	10.98%	-6.31%	£3.87m	-£2.70m
Capita Group		CS	£8.09	£1,679.00m	79.6	7.06	72882.88	15.74%	45.63%	£234.73m	£580.00m
Cedar Group		SP	£1.60	£82.70m	27.0	3.59	1523.81	25.49%	65.80%	£36.59m	£50.40m
CFS Group		SP	£1.73	£27.40m	15.8	2.49	1916.67	-2.82%	73.37%	-£0.86m	£11.60m
Clinical Computing		SP	£0.35	£8.79m	27.0	2.89	282.26	-2.78%	-4.11%	-£0.25m	-£0.37m
CMG	Yes	CS	£23.66	£3,033.00m	60.2	6.83	16317.24	14.30%	55.15%	£379.41m	£1,080.00m
Compel Group	Yes	R	£2.86	£90.70m	25.0	0.31	2288.00	-33.10%	-28.14%	-£44.83m	-£23.10m
Computacenter	Yes	R	£6.34	£1,136.00m	21.0	0.72	945.52	0.72%	43.98%	£8.14m	£357.20m
Comino		CS	£3.18	£43.20m	20.9	2.32	2442.31	3.25%	53.01%	£1.42m	£15.60m
DCS Group	Yes	CS	£7.38	£178.50m	30.7	1.62	12291.67	15.23%	36.57%	£23.62m	£53.80m
Delcam		SP	£1.70	£10.00m	Loss	0.73	653.85	17.24%	265.59%	£1.44m	£7.26m
Diagonal	Yes	CS	£2.55	£206.00m	34.1	2.94	3707.38	-16.39%	5.81%	-£40.48m	£12.50m
Dialog Corporation		CS	£0.69	£103.80m	23.6	0.61	622.73	7.87%	18.10%	£7.55m	£16.00m
DRS Data & Research		SP	£0.22	£7.61m	16.2	1.12	200.00	-8.33%	72.55%	-£0.69m	£3.20m
Druid Group	Yes	CS	£10.25	£236.80m	29.4	3.96	3727.27	-9.29%	-22.20%	-£24.20m	-£64.90m
ECSoft	Yes	CS	£8.25	£89.90m	14.9	1.45	456.56	-4.90%	-55.41%	-£4.64m	-£111.80m
Electronic Data Proc		SP	£0.91	£23.80m	14.9	2.07	2786.28	24.66%	34.81%	£4.72m	£6.10m
Eidos		SP	£42.55	£782.90m	39.3	3.46	42550.00	10.26%	352.66%	£72.84m	£622.20m
FI Group	Yes	CS	£5.21	£1,189.00m	89.8	5.21	13358.98	32.74%	58.60%	£293.32m	£529.40m
Financial Objects		SP	£3.40	£121.00m	29.8	5.59	1478.26	13.71%	38.78%	£14.60m	£33.70m
Flomerics Group		SP	£2.65	£7.16m	18.0	1.04	2038.46	-2.75%	70.97%	-£0.20m	£3.13m
Freeserve		CS	£1.39	£1,400.00m	n/a	n/a	926.67	-5.12%	-7.33%	-£75.85m	-£110.00m
Gresham Computing		CS	£0.41	£17.70m	6.1	2.04	435.48	-10.00%	-60.10%	-£1.78m	-£18.00m
Guardian IT	Yes	CS	£6.65	£340.50m	66.9	11.47	2607.84	1.68%	40.00%	£5.70m	£97.30m
Harvey Nash Group		A	£4.27	£121.60m	16.5	1.16	2437.14	26.37%	37.58%	£25.43m	£34.20m
Highams Systems Servs		A	£0.47	£8.79m	7.8	0.26	1291.67	52.46%	-45.29%	£3.03m	-£7.21m
ICM Computer		CS	£3.08	£58.40m	20.6	1.46	1708.33	6.03%	21.30%	£3.35m	£10.10m
ilion Group		R	£1.60	£40.20m	Loss	0.16	1000.00	3.23%	183.19%	£1.30m	£26.00m
Intelligent Environments		SP	£1.23	£51.60m	Loss	7.78	1303.19	40.00%	175.28%	£14.73m	£37.80m
Internet Technology		CS	£2.40	£117.40m	n/a	10.66	12000.00	16.22%	42.86%	£16.42m	£74.70m
I S Solutions		CS	£3.10	£14.90m	23.2	1.70	2313.43	6.90%	51.22%	£0.94m	£5.06m
ITNET	Yes	CS	£5.68	£399.00m	60.3	3.77	1621.43	17.62%	20.11%	£59.77m	£66.80m
JSB Software		SP	£3.20	£38.10m	n/a	9.53	1600.00	0.00%	56.10%	£0.02m	£18.60m
Kalamazoo Computer		CS	£0.70	£30.00m	Loss	0.46	2000.00	-7.28%	77.22%	-£2.36m	£13.10m
Kewill Systems	Yes	SP	£6.75	£477.20m	64.7	7.94	13339.92	31.53%	164.71%	£114.91m	£306.40m
Keystone		SP	£0.50	£14.40m	Loss	9.09	555.56	122.22%	177.78%	£7.92m	£12.42m
Logica	Yes	CS	£9.31	£3,701.00m	75.5	5.61	12749.90	15.94%	78.18%	£507.45m	£1,772.00m
London Bridge Software	Yes	SP	£27.10	£850.90m	137.1	38.03	13550.00	16.68%	110.49%	£121.67m	£469.80m
Lorien		A	£0.85	£16.70m	10.6	0.12	850.00	-7.61%	-41.98%	-£1.33m	-£12.00m
Lynx Holdings	Yes	SP	£1.01	£108.40m	11.0	0.60	2525.00	-6.48%	-49.12%	-£7.46m	-£103.80m
Macro 4	Yes	SP	£6.00	£118.20m	16.6	3.81	2419.35	-3.61%	76.47%	-£4.41m	£51.20m
MDIS Group	Yes	CS	£0.23	£53.50m	16.3	0.40	88.46	-8.91%	-50.00%	-£5.28m	-£44.40m
MERANT	Yes	SP	£2.44	£350.90m	Loss	1.63	1176.05	-15.74%	135.27%	-£65.52m	£202.30m
Microgen Holdings		CS	£1.78	£92.30m	20.2	1.32	758.55	23.26%	29.56%	£17.40m	£32.70m
Misys	Yes	SP	£5.08	£2,880.00m	30.4	4.95	6320.12	-14.69%	16.18%	-£490.28m	£420.00m
MMT Computing	Yes	CS	£6.02	£73.20m	11.9	1.99	3583.33	-1.71%	-35.79%	-£0.90m	-£39.30m
Mondas		SP	£0.57	£7.12m	Loss	7.46	753.33	0.00%	11.88%	£0.00m	£0.76m
Moorepay Group		CS	£2.90	£33.90m	18.7	4.06	4894.04	-5.69%	26.09%	-£2.10m	£7.00m
Morse		R	£2.29	£279.50m	10.1	0.98	914.00	-5.77%	-8.60%	-£17.07m	-£26.20m
MSB International	Yes	A	£1.95	£39.80m	5.6	0.21	1026.32	30.87%	-42.65%	£9.43m	-£29.60m
MSW Technology		SP	£0.64	£5.25m	Loss	1.80	659.79	-23.35%	-39.91%	-£1.60m	-£3.48m
NetBenefit		CS	£2.32	£29.00m	n/a	14.73	1160.00	7.41%	16.00%	£2.01m	£4.00m
NSB Retail Systems		SP	£8.78	£175.50m	68.0	20.98	7630.43	17.79%	416.18%	£26.50m	£156.80m
Oxford Molecular		SP	£0.34	£29.60m	Loss	1.38	425.00	-9.33%	-29.90%	-£3.03m	-£12.50m
Parity	Yes	A	£2.04	£305.50m	20.6	1.05	33916.54	-19.72%	6.54%	-£73.03m	£23.30m
Pegasus Group		SP	£3.74	£26.10m	21.7	1.74	1017.71	-2.73%	23.47%	-£0.82m	£4.90m
PhoneLink		CS	£0.30	£20.30m	Loss	2.03	190.32	-9.23%	7.27%	-£2.01m	£1.40m
Planit		SP	£0.48	£35.50m	23.5	3.67	2000.00	-6.80%	100.00%	-£2.54m	£19.80m
Policymaster		SP	£3.20	£45.10m	37.5	3.98	2133.33	3.23%	68.87%	£1.40m	£18.40m
PolyDoc		SP	£1.53	£31.60m	Loss	35.47	2194.24	15.09%	3.39%	£4.21m	£1.80m
Protherics (was Proteus)		SP	£0.38	£60.80m	Loss	87.36	446.43	-7.41%	5.63%	-£4.79m	£34.50m
QSP		SP	£4.88	£87.80m	16.6	2.13	1282.89	-2.99%	37.32%	£15.46m	£39.50m
Quantica		A	£0.48	£18.80m	7.8	1.24	387.10	-1.03%	-34.25%	-£1.00m	-£9.60m
Rage Software		SP	£0.42	£101.20m	39.4	11.44	1596.15	32.80%	403.03%	£25.06m	£81.10m
RDL		CS	£0.95	£10.60m	10.9	0.68	1055.56	0.00%	5.56%	£0.00m	£0.50m
Real Time Control		SP	£7.60	£53.20m	18.0	3.17	15510.20	21.60%	57.51%	£9.40m	£19.40m
Recognition Systems		SP	£0.88	£64.70m	Loss	82.11	1250.00	71.57%	775.00%	£26.99m	£61.01m
Riva Group		CS	£1.13	£39.10m	26.4	0.49	803.11	1.80%	232.35%	£0.92m	£28.20m
RM Group	Yes	SP	£6.25	£575.00m	66.4	4.39	17857.14	19.62%	34.84%	£94.28m	£154.10m
Rolfe & Nolan		SP	£1.92	£25.50m	24.2	1.21	2279.76	0.00%	9.43%	-£0.00m	£2.20m
Romtec		CS	£0.64	£3.37m	32.0	0.86	1016.00	0.00%	-16.99%	£0.00m	-£0.68m
Royalblue Group	Yes	SP	£6.25	£180.00m	67.2	6.10	3676.47	18.48%	86.57%	£28.12m	£86.90m
Sage Group	Yes	SP	£31.21	£3,807.00m	108.2	19.88	120038.46	14.45%	98.79%	£480.61m	£1,986.00m
Sanderson Group	Yes	CS	£1.90	£97.10m	14.3	1.32	3234.04	7.65%	23.78%	£7.83m	£24.00m
SBS Group		A	£1.30	£11.40m	7.5	0.32	1300.00	10.17%	-34.18%	£1.00m	-£6.00m
Science Systems		CS	£2.79	£47.30m	27.3	1.94	2158.91	4.31%	77.96%	£1.90m	£20.70m
Sema Group	Yes	CS	£7.95	£3,680.00m	57.2	2.94	10000.00	6.93%	34.52%	£238.19m	£956.00m
Sherwood International	Yes	CS	£5.88	£220.90m	50.1	5.19	19572.55	18.09%	73.30%	£33.80m	£93.50m
Skillsgroup	Yes	CS	£1.64	£143.20m	14.3	0.38	733.18	-30.13%	-9.92%	-£61.79m	-£6.20m
Spring		A	£1.17	£168.60m	16.1	0.42	1294.44	-6.43%	-19.93%	-£11.57m	-£41.80m
Staffware		SP	£3.05	£38.70m	277.3	1.74	1355.56	0.83%	14.02%	£0.30m	£4.70m
Superscape VR		SP	£0.81	£9.96m	Loss	2.36	409.09	-20.98%	-58.14%	-£2.64m	-£13.84m
Synstar		CS	£1.43	£231.60m	48.0	1.41	863.64	-6.25%	-13.64%	-£15.44m	-£38.40m
Systems Integrated		SP	£0.30	£4.02m	37.9	2.86	260.87	-0.83%	287.10%	-£0.03m	£2.98m
Systems International		CS	£0.45	£15.20m	4.8	0.89	773.91	-22.61%	-9.18%	-£4.50m	-£1.40m
Terence Chapman		CS	£1.28	£87.00m	31.8	4.17	948.15	-6.23%	-5.19%	-£5.78m	-£4.70m
Torex Group		CS	£2.79	£91.90m	36.1	4.22	5407.77	-2.79%	214.69%	-£2.67m	£63.20m
Total Systems		CS	£0.42	£4.32m	9.6	1.33	783.02	-5.68%	-29.66%	-£0.26m	-£1.82m
Touchstone		SP	£1.24	£12.10m	16.1	1.58	1176.19	-10.83%	8.81%	-£1.49m	£1.00m
Trace Computers		CS	£1.40	£20.60m	13.7	1.21	1120.00	-1.75%	14.29%	-£0.33m	£2.60m
Triad Group	Yes	CS	£2.63	£66.20m	11.3	1.34	1944.44	-11.02%	-50.70%	-£8.16m	-£68.00m
Ultima		R	£0.03	£5.30m	13.1	0.37	67.07	-15.38%	-26.67%	-£0.96m	£0.14m
Vega Group		CS	£5.75	£102.90m	31.3	3.55	4713.11	-6.12%	48.39%	-£6.76m	£40.50m
Workplace Technologies		CS	£2.25	£79.90m	23.9	0.96	1285.71	0.00%	14.21%	£0.00m	£22.80m
XKO		CS	£2.22	£51.10m	n/a	1.80	1480.00	58.57%	n/a	£18.47m	£36.60m

Note: Main *System House* SCS Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The CSI Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.

Category Codes: CS= Computer Services **SP** = Software Product **R** = Reseller **A** = IT Agency **O** = Other

Trading updates, staff news...

Microgen has recorded a strong order intake for its Axess ASP service. This means higher recurring revenues for the company (up 88% compared with 1998 H2, and 326% to H1 98). We were also delighted to see that Paul Davies has been appointed as Group MD. As well as his previous roles in SD-Scicon and as MD of Easams, it was as CEO to Chairman Philip Swinstead at Parity that he really showed his metal. Parity's revenues increased from £20m to £300m during his tenure with the share price up a mere 40-fold! Now, if he could just repeat that for Microgen's Chairman Martyn Ratcliffe.....

Like Microgen, **QSP** has announced its first ASP contract in the US, valued at $200K.

Corporate lockdown has hit **Skillsgroup** Q4 earnings and the share price this month has crashed 30% to 164p.

On-Line plc (designs multi player computer games for the internet) reported losses of £182K on revenue of £1m in the year to 30th Jun. 99.

Cap Gemini has warned of worse than expected Q3 sales in the UK and the US in particular. Analysts have revised growth forecasts down from c20% to nearer 13%.

Synstar has poured cold water on bid speculation involving Computacenter and, after having high level meeting with both parties, we have been assured that the rumours were completely without foundation. At the analysts briefing Richard Ferre said the group *"is on track to deliver results in line with expectations"*.

Freeserve has announced losses of £8.8m in the 16 week period to Aug. 99 on revenues of £3.4m. The shares ended the month at a 7% discount to the 150p float price.

As the **Recognition Systems** share price has risen combined with press speculation, Recognition Systems put out a trading update saying that their FY99 figures (due to be announced in November) *"will be in line with market expectations"*.

EDS has appointed ex-Oracle's MD, Philip Crawford, as President EDS International. This is the second major appointment for EDS in Europe as they have already lured Mojtaba Ghassemian away from CSC to head up European outsourcing.

Nikki Beckett, CEO of **NSB Retail** and director Seale Moorer have each sold shares worth £7.7m *"in response to demand from investors"*. Mind you Beckett still retains nearly 18% worth £27m.

RM have appointed internet entrepreneur (their words not ours) Sherry Coufu as a new NED. Perhaps this will mean RM will now get moving to exploit the enormous internet potential of their offerings (particularly Living Library).

XKO, the software and network systems business created from a three-way merger earlier this year, has launched e-KO, an integrated e-commerce system. The market reacted well and the shares have risen 59% to 222p this month.

MSW Technology (personnel records database product MAPS and consultancy services) has said that it expects "*substantial losses*" and will need further capital before the year end. Shares in MSW, a main market IPO in Nov. 98 at 97p, ended October down 23% at 64p.

Real Time Control (RTC) has confirmed that it is in talks concerning a possible "partnership" which could *"include an investment in, or possible offer for, shares of the company"*.

Cedar Group is launching a new e-commerce service with **Compaq** and **MCI WorldCom.**

Cap Gemini's global board member Konrad Reiss is leaving to join German **debis Systemhaus** as their new CEO. He replaces Karl Achinger who is retiring after ten years.

Microsoft - the services company?

On 25th Jan. 2000, Richard Holway will address the annual **Regent Conference**. Apart from our own/CSSA seminar in July each year, the Regent Conference is about the most important date in our book. We are actually proud that Holway is the only speaker who has addressed EVERY Regent Conference since its inception five years ago. This one is made even more interesting as Holway will be sharing the billing with **Misys**' Kevin Lomax - one of his very rare public speaking engagements.

As if that wasn't enough excitement, amongst the other speakers is Bernard Vergnes, who heads **Microsoft** in Europe, and, of course, Peter Rowell who heads Regent Associates.

You see, back at the first Regent Conference in Jan. 96 Olde Holway showed this slide...

> ***"If your longer term business plan does not incorporate earning nothing from product licences in exchange for services revenues...YOUR COMPANY WILL NOT SURVIVE"***

The next year we went even further and suggested that the grand daddy of all product companies - Microsoft - would be making less than 50% of its revenues from product licences by FY2002. We received many bets - at the time - including one from Peter Rowell himself. In the early stages many thought that Holway had, at long last, lost his marbles. But now you would have to be a little off your rocker yourself to attempt to argue against the proposition. Indeed the wealth of evidence is overwhelming with every product company - from JD Edwards, Oracle, Sage, SAP - offering their services on a rental, pay per transaction or other non- licence basis on the internet. One only has to look at QSP to see the benefits for a products company moving to the services/ASP model. Indeed, a whole new industry - the ASP - has been created to meet the demand. The Business Week headline on 21st June 99 finally admitted the inevitable.

> ***In 1997 we started to take bets that, within five years, less than 50% of Microsoft's revenues would come from product licences***

> ***"Suddenly, Software isn't a Product, it's a Service"***
>
> **BusinessWeek 21st June 1999 headline**
>
> ***We REST OUR CASE!***

But what of Microsoft who, after all, still earn around 90% of their revenues from product licences?

This month Steve Ballmer told the Gartner Group Conference in Orlando of his *"commitment to turn the software giant into an on-line service provider within the next five to seven years"*. Adding that *"there will be no one left in the software business whose applications haven't been transformed into services"*.

So whose the nutter now?

When we faced Rowell with Ballmer's prediction, he did point out that 1999 + 5 did not = 2002! Even so, he had pre-warned Vergnes of the wager. So the 25th January should be very interesting indeed!

For more details on the Regent Conference, 'phone 01753 800700

Warnings, warnings, warnings

Readers of our research just cannot - well should not - be numbered amongst those who seem to be "surprised" at the "unexpected" slowdown in revenues from new orders currently being experienced by many.

From late 1997, we have warned of the Y2K *"microclimate"* which would affect the industry in 1999 and through to H2 2000. It would affect all those that depended on "short term order books" - be they people-related or product.

SAP and Baan

The first to feel the pain were the ERP suppliers. Indeed this month **SAP** issued a profits warning and then issued results showing a 64% decline in profits in Q3 - although revenues were still some 7% higher. Things were even worse at **Baan** which posted a Q3 loss of $24.7m on revenues down 27% at $142.8m. Indeed sales of new product licences were down 59% as the market was *"in steep decline"*. But the downturn in the "new installation" market had been long predicted. Now the effects are moving to the ERP support operations too.

Diagonal

SAP implementation and associated staff agency **Diagonal** has warned of deterioration the second half which *"was unlikely to exceed that of the first"*. Finance Director Graham Creswick said *"There has been a new slowdown in the SAP implementation side.... starts have been deferred until the new year"*. The Y2K microclimate will particularly affect Q4 *"and the early months of next year"*. However Diagonal remains bullish about results for FY2000.

Not surprisingly Diagonal's share price suffered and they ended the month down 16% on 255p - but this is still way above their 69p IPO price in Mar. 97. The SAP announcement had a knock-on effect for **Druid** who also saw its share price fall this month by 9% to £10.25p.

IBM

The fallout of profits warnings from SAP seem insignificant compared with the $37 billion written off the value of **IBM** on 21st Oct. Y2K lock down led to a 2% reduction in hardware revenues - indeed a 40% decrease in mainframe sales - particularly to financial institutions. **IBM Global Services**, however, managed an 11% increase to $7.9billion (and now almost rivalling hardware revenue at $8.8b) Although even this was less than the market average.

Microsoft and Oracle?

Microsoft has seen no Y2K slowdown (yet) reporting a 22% increase in Q1 revenues to $5.4 billion and profits up 30% at $2.2b. Indeed EMEA revenue was up 32% at $1.2b. But many still believe that **Oracle**, with its exposure to the large corporate financial sector, could well be the next "biggie" to be hit.

Reuters

There are many who think we are wrong in excluding **Reuters** from our SCS sector and Index. As time passes, and we research more-and-more internet content companies, our sympathy with the argument increases! Anyway, Reuters was another of the large IT companies to issue a profits warning this month blaming declining revenue growth and pressure on operating margins on the Y2K microclimate. Revenues from its trading systems actually fell by 7%. Reuters share price has fallen from 900p in September to 566p at the end of this month; knocking nearly £5 billion off their market capitalisation.

Compel

At **Compel**'s AGM, Chairman and CEO Neville Davis announced *"the slowdown in corporate expenditure is more marked than originally envisaged.... We believe that Compel's trading results for the year to 30th Jan. 00 are likely to fall materially short of current Stock Market expectations, with the bulk of the shortfall falling in the first half of the financial year"*.. However Davis anticipates the downturn is a *"one-off"* and has *"great confidence in the Group's prospects for FY01 and beyond"*. The announcement hit the share price which fell immediately 19% and then continued to fall further to end the month down 33% on 286p.

And finally, from the mega to the micro...

Total Systems became yet another to hit the news with a Y2K profits warning this month. At their AGM, Chairman Terry Bourne said that *"a loss will be reported for the H1 2000 and further losses are likely in H2... the outcome for the year to 31st Mar. 00 is likely to fall significantly short of market expectations"*. Yet again, Bourne puts the blame squarely with their customers who *"have shown an unwillingness to commit to new product implementations"*. The shares are now standing under half of the original float price of 85p way back in *1988*.

We don't want to be a merchant of doom but...we suspect there will be many other profit warnings - including more from the big players - in the closing months of 1999.

MDIS in 8th profits warning - Chairman and CEO depart

On 1st November - our press day - **MDIS** issued another profits shocker . Results for the six months to 30th June 99 were truly dire. Revenue increased 11.5% to £68.6m but losses were a staggering £8.1m - compared with a loss of just £400K last time.

Both Chairman Ian Hay Davison and CEO John Klein have tendered their resignations. Chris Stone, who ran Digital's outsourcing operations in the UK and moved, a year back, to Andersen Consulting's UK managed services operations, takes over as CEO.

We see a more IT services-oriented future.

More next month.

Silicon.com raises £11m

Schroder Ventures, Amadeus Capital Partners, Dresdner Kleinwort Benson, Gilde IT and Deutsche Telekom T-Venture have invested £11m in **NMTV,** the parent of **Silicon.com,** the on-line IT news and recruitment network. NMTV will float, possibly within nine months, but the rumoured £800m valuation looks a little steep! Anyway, Silicon.com is a great venture - we were greatly impressed after our recent tour. At present they reckon to be getting c10% of the UK's internet-based advertising revenues - about the highest in the land. Giving Computing and Computer Weekly a run for their money too. Soon they will launch more e-commerce, i.e. they will get a share of revenues generated from goods/services sold via the site.

David Goldman

I was greatly saddened to hear of the death this month, after a long illness, of David Goldman - founder of **Sage.** As you see from our lead article this month, Sage is the best performing share in the sector. Indeed, we would say (and have repeatedly said) that Sage is the best AND most successful software company the UK has ever created.

We remember interviewing David at the time of the IPO ten years ago. He came over immediately as a very open, modest person. He was a businessman first and foremost...whereas almost everyone else in the industry then was a techy. Indeed, in answer to our question *"What is the secret of Sage's success"*, he answered *"our competitors spend four times more on R&D than on marketing...at Sage it's the other way around"*.

To be that successful once is amazing. But David did it again with the spectacularly successful **BATM**. Another example of reading the industry and its future right well before others.

We met on many occasions. I remember him coming up to me at the Regent Conference in 1996 when I first suggested that Sage would, in time, not earn any revenues from product licences (see p10) - turning these products into services instead. *He was about the only one in the audience at the time who didn't think I was off my rocker!*

My last conversation with David was when I put on Hotnews (David was one of its 1,000s of avid, daily readers) that Sage was to be given a *System House* Boring Award at the Holway CSSA Seminar in July 99. He was genuinely delighted. I asked him to attend and receive the award but, most sadly, he had to decline. I really wish he had been able to say Yes.

Thanks David for everything you did for our industry.

TECHMARK research™

Not only is Nov. 99 significant for Richard Holway Ltd as it's the 10th anniversary of the first edition of System House, but it also marks the launch of **techmarkresearch.com.**

Here we will cover all the IT, software and computing services stocks listed in London - Main and AIM. The brand new web site also includes on-line share prices for all techMARK and SCS stocks as well as techMARK and SCS Indices in real time. Initially we will be concentrating on our usual software and IT services stocks but will broaden this out to other techMARK sectors in time. This news and comment service is available to all *System House* subscribers and we will post more details on holway.com in early November. We should point out, however, that the main part of this service will become *"subscriber-only"* early in the new year. So if you are currently "free-loading" on your *System House* subscription - be warned!

Not only that, but the highly respected IT services analyst, **Ian Spence**, from WestLB Panmure (and before that the founder of Megabuyte and GigaBuyte at Granville) is joining the team at Richard Holway Ltd to head up this new part of our operations. Ian is well known - and highly regarded - already by many of our subscribers and we know that he will make an important contribution to our ever-growing team of the very top IT services analysts in the UK and Europe.

Please take a look at **techmarkresearch.com** and tell us what you think.

Software and IT Services Industry in Europe Markets & Strategies 1999 - 2003

We are delighted to report the imminent publication of the 8th annual edition of our highly respected European research project. As past customers know, the tome covers every country in Europe, the lead companies in each country and, of course, the pan-European players. The research is a co-production between Richard Holway Limited in the UK, **Pierre Audoin Conseil** in France and **PAC GmbH** in Germany. Having seen off most of the competition, we are delighted that this research is now held in such high esteem. Indeed, one of the largest SCS companies in Europe recently told us that it was now the ONLY European research they now felt they could rely upon and another said that their annual bonuses were linked to how they fared relative to the Holway market averages!

Perhaps the best testimony is that it is this research work which has been quoted in most of the IPOs in recent years. Brochure and order form enclosed or call us as below.

Get well soon

We were very sad to hear that both **Gordon Skinner** (Chairman of **Comino**) and **Alan Benjamin** (Chairman of **QSP** and others) were both ill. Both Gordon and Alan have made a major contribution to our industry and we wish them a swift recovery.

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System House® is published monthly by Richard Holway Limited, PO Box 183, Farnham, Surrey, GU10 1YG. Telephone 01252 781545; Fax: 01252 781546; E-mail Internet:Holway@Compuserve.com which also publishes the annual "Holway Report" and the "Software and Computing Services Industry in Europe Report". Richard Holway has been a director of several computing services companies and might hold stock in companies featured.

System House SCSI Share Prices and Capitalisation

	FTSE IT Index?	SCS Cat.	Share Price 30-Nov-99	Capitalisation 30-Nov-99	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 30-Nov-99	Share price move since 31-Oct-99	Share price % move in 1999	Capitalisation move since 31-Oct-99	Capitalisation move (£m) in 1999
Admiral	Yes	CS	£13.53	£811.20	50.9	5.51	48884.10	41.62%	16.09%	£200.00m	£72.60m
AFA Systems		SP	£2.45	£44.80	Loss	55.38	2041.67	63.33%	125.81%	£17.70m	£31.10m
AIT Group		CS	£7.78	£155.60	85.6	8.91	5183.33	74.72%	238.04%	£65.30m	£108.90m
Alphameric		SP	£1.40	£68.30	65.4	10.00	642.20	45.08%	233.33%	£11.30m	£44.10m
Anite Group	Yes	CS	£0.90	£217.20	28.7	1.20	523.39	54.31%	123.75%	£74.10m	£118.90m
Axon		SP	£3.69	£173.90	73.1	8.68	2105.71	23.45%	110.57%	£28.30m	£88.50m
Azlan Group	Yes	R	£0.89	£90.00	18.1	0.26	386.96	4.09%	44.72%	-£1.70m	£24.10m
Baltimore Technologies		SP	£29.23	£1,105.00	Loss	111.81	29974.36	55.87%	579.65%	£538.80m	£1,027.00m
Baron		SP	£1.79	£5.15	n/a	2.18	1790.00	49.17%	79.00%	£1.31m	£1.95m
Bond International		SP	£0.76	£11.20	16.0	1.27	1169.23	-23.23%	-19.15%	-£3.00m	-£1.60m
Cadcentre Group		SP	£3.30	£56.70	22.6	3.17	1650.00	38.95%	30.18%	£17.30m	£14.60m
Capita Group		CS	£11.35	£2,269.00	130.6	9.54	102207.21	40.23%	104.23%	£590.00m	£1,170.00m
Cedar Group		SP	£2.48	£158.90	41.8	6.89	2357.14	54.69%	156.48%	£76.20m	£126.60m
CFS Group		SP	£2.09	£34.30	19.1	3.12	2322.22	21.16%	110.05%	£6.90m	£18.50m
Clinical Computing		SP	£0.66	£14.80	50.5	4.87	528.23	87.14%	79.45%	£6.01m	£5.64m
CMG	Yes	CS	£33.09	£4,115.00	114.1	9.27	22820.69	39.86%	116.98%	£1,082.00m	£2,162.00m
Compel Group	Yes	R	£3.83	£121.30	33.5	0.41	3060.00	33.74%	-3.89%	£30.60m	£7.50m
Computacenter	Yes	R	£8.88	£1,614.00	29.5	1.02	1325.37	40.17%	101.82%	£478.00m	£835.20m
Comino		CS	£3.99	£52.70	24.9	2.83	3069.23	25.67%	92.29%	£9.50m	£25.10m
DCS Group	Yes	CS	£9.10	£219.00	37.9	1.99	15166.67	23.39%	68.52%	£40.50m	£94.30m
Delcam		SP	£1.50	£10.60	Loss	0.77	576.92	-11.76%	222.58%	£0.60m	£7.86m
Diagonal	Yes	CS	£3.04	£245.20	40.6	3.49	4412.51	19.02%	25.93%	£39.20m	£51.70m
Dialog Corporation		CS	£0.80	£128.30	24.5	0.75	727.27	16.79%	37.93%	£24.50m	£40.50m
DRS Data & Research		SP	£0.20	£6.40	14.4	0.94	177.27	-11.36%	52.94%	-£1.21m	£1.99m
Druid Group	Yes	CS	£16.58	£368.60	47.5	6.17	6027.27	61.71%	25.81%	£131.80m	£66.90m
Easynet		CS	£10.80	£228.80	n/a	13.48	10800.00	76.33%	333.73%	£78.10m	£177.90m
ECSoft	Yes	CS	£11.63	£124.50	20.9	2.00	643.33	40.91%	-37.16%	£34.60m	-£77.20m
Electronic Data Proc		SP	£1.25	£33.40	20.4	2.90	3812.00	36.81%	84.44%	£9.60m	£15.70m
Eidos		SP	£55.48	£1,003.00	60.1	4.45	55480.00	30.39%	490.21%	£225.10m	£847.30m
FI Group	Yes	CS	£6.30	£1,400.00	108.6	6.13	16153.85	20.92%	91.78%	£211.00m	£740.40m
Financial Objects		SP	£5.70	£192.20	49.9	8.87	2478.26	67.65%	132.65%	£71.20m	£104.90m
Flomerics Group		SP	£3.83	£10.30	26.0	1.49	2942.31	44.34%	146.77%	£3.14m	£6.27m
Freeserve		CS	£2.95	£2,971.00	n/a	n/a	1966.67	112.23%	96.67%	£1,571.00m	£1,461.00m
Gresham Computing		CS	£0.47	£20.00	7.0	2.30	505.38	16.05%	-53.69%	£2.30m	-£15.70m
Guardian iT	Yes	CS	£7.55	£386.60	75.9	13.02	2960.78	13.53%	58.95%	£46.10m	£143.40m
Harvey Nash Group		A	£4.80	£135.40	18.5	1.29	2742.86	12.54%	54.84%	£13.80m	£48.00m
Highams Systems Servs		A	£0.57	£12.30	18.1	0.36	1569.44	21.51%	-33.53%	£3.51m	-£3.70m
ICM Computer		CS	£4.28	£80.30	28.7	2.01	2377.78	39.19%	68.84%	£21.90m	£32.00m
Intelligent Environments		SP	£3.47	£142.80	Loss	21.53	3686.17	182.86%	678.65%	£91.20m	£129.00m
Internet Technology		CS	£2.69	£139.90	n/a	12.71	13425.00	11.88%	59.82%	£22.50m	£97.20m
I S Solutions		CS	£4.55	£22.10	34.0	2.53	3395.52	46.77%	121.95%	£7.20m	£12.26m
ITNET	Yes	CS	£6.36	£415.50	67.6	3.93	1817.14	12.07%	34.60%	£16.50m	£83.30m
Jasmin		SP	£1.20	£5.64	7.0	0.55	800.00	14.29%	-17.24%	£0.71m	-£0.74m
JSB Software		SP	£4.44	£107.80	Loss	26.95	2217.50	38.59%	116.34%	£69.70m	£88.30m
Kalamazoo Computer		CS	£0.76	£32.00	Loss	0.49	2157.14	7.86%	91.14%	£2.00m	£15.10m
Kewill Systems	Yes	SP	£11.75	£888.50	216.0	14.79	23221.34	74.07%	360.78%	£411.30m	£717.70m
Keystone		SP	£0.58	£19.60	Loss	12.37	644.45	16.00%	222.22%	£5.20m	£17.62m
Laser-Scan		SP	£0.18	£5.96	22.0	0.88	3600.00	28.57%	20.00%	£1.45m	£1.13m
Logica	Yes	CS	£15.15	£5,498.00	140.3	8.34	20747.69	62.73%	189.95%	£1,797.00m	£3,569.00m
London Bridge Software	Yes	SP	£44.55	£1,375.00	225.3	61.45	22275.00	64.39%	246.02%	£524.10m	£993.90m
Lorien		A	£0.84	£18.10	10.5	0.13	840.00	-1.18%	-42.66%	£1.40m	-£10.60m
Lynx Holdings	Yes	SP	£1.29	£130.90	18.9	0.62	3225.00	27.72%	-35.01%	£22.50m	-£81.30m
Macro 4	Yes	SP	£7.15	£143.80	19.8	4.63	2883.06	19.17%	110.29%	£25.60m	£76.80m
MDIS Group	Yes	CS	£0.26	£61.60	8.4	0.46	99.04	11.96%	-44.02%	£8.10m	-£36.30m
MERANT	Yes	SP	£4.50	£626.10	63.2	2.91	2173.40	84.80%	334.78%	£275.20m	£477.50m
Microgen Holdings		CS	£3.65	£160.00	155.1	2.28	1559.83	105.63%	166.42%	£67.70m	£100.40m
Misys	Yes	SP	£6.80	£3,969.00	40.8	6.82	8460.00	33.86%	55.52%	£1,089.00m	£1,509.00m
MMT Computing	Yes	CS	£8.03	£92.30	17.1	2.25	4776.79	33.31%	-14.40%	£19.10m	-£20.20m
Mondas		SP	£0.64	£8.88	Loss	9.30	846.67	12.39%	25.74%	£1.76m	£2.52m
Moorepay Group		CS	£2.70	£31.60	17.4	3.78	4556.52	-6.90%	17.39%	-£2.30m	£4.70m
Morse		R	£3.58	£423.80	15.7	1.49	1430.00	56.46%	43.00%	£144.30m	£118.10m
MSB International	Yes	A	£2.60	£52.50	7.5	0.27	1365.79	33.08%	-23.68%	£12.70m	-£16.90m
MSW Technology		SP	£0.88	£6.36	Loss	2.19	902.06	36.72%	-17.84%	£1.11m	-£2.37m
NetBenefit		CS	£5.45	£66.20	n/a	33.62	2725.00	134.91%	172.50%	£37.20m	£41.20m
NSB Retail Systems		SP	£10.60	£204.00	132.5	24.38	9217.39	20.80%	523.53%	£28.50m	£185.30m
Oxford Molecular		SP	£0.25	£29.60	Loss	1.38	312.50	-26.47%	-48.45%	£0.00m	-£12.50m
Parity	Yes	A	£2.69	£399.30	27.2	1.38	44749.83	31.94%	40.58%	£93.80m	£117.10m
Pegasus Group		SP	£3.95	£28.00	23.0	1.87	1076.29	5.76%	30.58%	£1.90m	£6.80m
PhoneLink		CS	£0.47	£30.00	Loss	3.00	300.00	57.63%	69.09%	£9.70m	£11.10m
Planit		SP	£0.81	£62.80	29.0	6.49	3375.00	68.75%	237.50%	£27.30m	£47.10m
Policymaster		SP	£3.55	£49.70	41.6	4.38	2366.67	10.94%	87.34%	£4.60m	£23.00m
Protherics		SP	£0.33	£52.60	Loss	75.57	392.86	-12.00%	-7.04%	-£8.20m	£26.30m
QSP		SP	£6.58	£117.90	22.4	2.86	1730.26	34.87%	85.21%	£30.10m	£69.60m
Quantica		A	£0.52	£20.20	8.4	1.33	415.32	7.29%	-29.45%	£1.40m	-£8.20m
Rage Software		SP	£0.57	£163.70	53.9	18.51	2182.69	36.75%	587.88%	£62.50m	£143.60m
RDL		CS	£0.96	£10.70	10.9	0.68	1061.11	0.53%	6.11%	£0.10m	£0.60m
Real Time Control		SP	£9.40	£68.60	22.2	4.08	19183.67	23.68%	94.82%	£15.40m	£34.80m
Recognition Systems		SP	£3.37	£249.40	Loss	107.73	4807.14	284.57%	3265.00%	£184.70m	£245.71m
Riva Group		CS	£1.30	£45.00	30.3	0.56	923.93	15.04%	282.35%	£5.90m	£34.10m
RM Group	Yes	SP	£7.57	£669.30	77.1	4.13	21614.29	21.04%	63.21%	£94.30m	£248.40m
Rolfe & Nolan		SP	£3.23	£41.90	2.8	2.00	3839.29	68.41%	84.29%	£16.40m	£18.60m
Romtec		CS	£0.68	£3.58	23.9	0.92	1080.00	6.30%	-11.76%	£0.21m	-£0.47m
Royalblue Group	Yes	SP	£7.75	£222.50	59.3	7.54	4558.82	24.00%	131.34%	£42.50m	£129.40m
Sage Group	Yes	SP	£43.31	£4,998.00	150.1	26.09	166576.92	38.77%	175.86%	£1,191.00m	£3,177.00m
Sanderson Group	Yes	CS	£2.09	£104.30	15.8	1.42	3557.45	10.00%	36.16%	£7.70m	£31.70m
SBS Group		A	£1.75	£15.30	10.9	0.30	1750.00	34.62%	-11.39%	£4.40m	-£1.60m
Science Systems		CS	£3.37	£58.00	33.0	2.38	2612.40	21.01%	115.34%	£10.70m	£31.40m
Sema Group	Yes	CS	£10.73	£4,678.00	77.2	3.74	13496.86	34.97%	81.56%	£998.00m	£1,954.00m
Sherwood International	Yes	CS	£8.30	£327.90	70.8	7.70	27651.43	41.28%	144.84%	£107.00m	£200.50m
Skillsgroup	Yes	CS	£2.20	£194.50	19.2	0.52	984.30	34.25%	20.94%	£51.30m	£45.10m
Sopheon		SP	£2.23	£73.00	Loss	81.93	3208.63	46.23%	51.19%	£41.40m	£43.20m
Spring		A	£1.62	£218.50	22.3	0.54	1794.44	38.63%	11.00%	£49.90m	£8.10m
Staffware		SP	£6.03	£67.30	n/a	3.03	2677.78	97.54%	125.23%	£28.60m	£33.30m
Stordata		CS	£0.05	£4.22	9.3	0.37	416.67	33.33%	233.33%	£1.20m	£3.01m
Superscape VR		SP	£3.49	£38.10	Loss	12.41	1760.10	330.25%	80.10%	£28.14m	£14.30m
Synstar		CS	£1.60	£270.60	53.9	1.65	969.70	12.28%	-3.03%	£39.00m	£0.60m
Systems Integrated		SP	£0.37	£4.99	47.1	3.55	323.91	24.17%	380.65%	£0.97m	£3.95m
Systems International		CS	£0.36	£12.50	7.4	0.73	617.39	-20.22%	-27.55%	-£2.70m	-£4.10m
Terence Chapman		CS	£3.30	£249.50	56.7	8.14	2444.44	157.81%	144.44%	£162.50m	£157.80m
Torex Group		CS	£4.07	£131.20	52.7	6.03	7893.20	45.96%	359.32%	£39.30m	£102.50m
Total Systems		CS	£0.65	£4.89	15.0	1.51	1226.42	56.63%	10.17%	£0.57m	-£1.25m
Touchstone		SP	£2.57	£21.90	27.3	2.86	2442.86	107.69%	125.99%	£9.80m	£10.80m
Trace Computers		CS	£1.64	£23.30	16.1	1.36	1308.00	16.79%	33.47%	£2.70m	£5.30m
Triad Group	Yes	CS	£3.95	£96.30	17.1	1.95	2925.93	50.48%	-25.82%	£30.10m	-£37.90m
Ultima		R	£0.08	£14.00	39.3	0.97	201.22	200.00%	120.00%	£8.70m	£8.84m
Vega Group		CS	£6.63	£118.10	36.0	4.07	5430.33	15.22%	70.97%	£15.20m	£55.70m
VI group		SP	£0.40	£7.90	Loss	1.92	790.00	8.22%	125.71%	£0.60m	£4.40m
Vocalis		SP	£4.01	£142.50	Loss	29.56	4221.05	148.30%	516.92%	£71.90m	£121.30m
XKO		CS	£3.60	£80.50m	43.9	2.83	2400.00	62.16%	n/a	£29.40m	£66.00m

Note: Main *System House* SCS Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The CSI Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.

Category Codes: CS = Computer Services **SP** = Software Product **R** = Reseller **A** = IT Agency **O** = Other