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# SYSTEMHOUSE

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

## A VISION FOR OUR WORLD IN THE YEAR 2020

#### PRINCE'S TRUST DEBATE

On the evening of 25th November 2003, I am chairing a major debate entitled 20/20 Vision where some of the most influential people in the technology sector will give their vision of our world in the year 2020. It's all in aid of Prince's Trust Technology Leadership Group (see page four).

This is my 20/20 Vision.

#### **NOSTALGIA**

2020 is 17 years on. 17 years ago, 1986 was a pretty momentous year for me as that's when I went out on my own and formed Richard Holway Limited (now Ovum Holway). We often kid ourselves that our world changes at the speed of light. But the seeds of all the currently hot commercial tech hits were not only sown by 1986 but had germinated and were growing strongly.

- Apple had shown in 1983 that the future was GUI/Windows based. I set up my company using Macs.
- I already had my mobile phone...the size of house brick I admit. Indeed, I have been a Vodafone subscriber since 1986 too!
- I already possessed a modem and was well versed in sending e-mails.
- My vinyl music collection was well on the way to being converted to digital CDs.
  - I admit I personally hadn't typed "www" yet but the internet

was already up and running with approx. 30,000 hosts.

- Meeting much the same need, in 1986 I used a Viewdata terminal to access all the financial information I thought I would ever need.

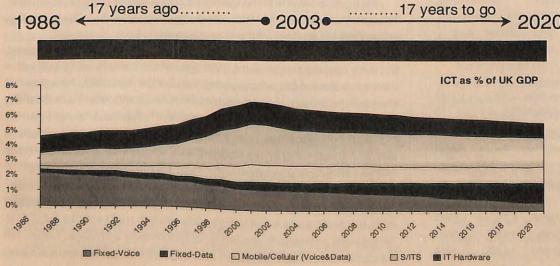
The point of all this nostalgia is to make the point that the seeds of the really hot commercial hits for 2020 are, likewise, almost certainly germinating and growing today.

The advances of the last 17 years have all been about the separate advances in IT AND Communications. I have no doubt that the next 17 years will be all about the convergence of IT and Communications and associated huge technical advances.

#### CHANGES

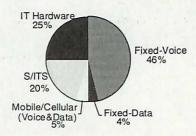
In July's **SYSTEMHOUSE** I wrote of the **changes** which had already taken place in the S/ITS sector in the UK. The chart below extends that to cover the whole of the ICT sector in the sector between 1986 and 2020. Both IT AND Communications have seen their share of GDP decline from the heady peak of 2000. I see the new "More for Less" landscape and relentless competitive price pressure reducing ICT's share of GDP still further so that by 2020, ICT will represent 5.5% of UK GDP. Although lower than the 6.6% today, it's a whole lot higher than the 4.6% it represented in 1986.

But, as ever, this hides enormous shifts in the makeup of the sector as the pie charts over the page show. S/ITS will



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1986 IT = 2.1% GDP Comms = 2.5% GDP ICT = 4.6% GDP



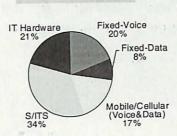
have almost doubled its share of the ICT sector between 1986 and 2020 whereas hardware will have reduced from 25% to 17%.

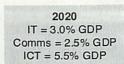
But the greatest change is in the Communications sector. In 1986, the Communications sector derived 85% of its total revenues from fixed

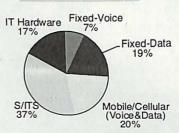
#### **INDEX**

IN THIS ISSUE		
Accenture		8
Alterian		13/14
Argonaut		14
Charteris		13
Deloitte		9
Fujitsu		14/15
Getronics		7/8
Harvey Nash		4/5
Knowledge Techn	ology Solu	itions 6
MSB International		5
Parity		11/12
PinkRoccade		10/11
SAP		14/15
SCH		6/7
SchlumbergerSer	na	11
Sopra		9/10
Unisys		10
OTHER ARTICLES		
Forthcoming IPOs		15
Mergers & Acquisit	ions	15
Results		16/17
S/ITS Index analys	sis	20
Share Prices		18/19
INDICES (changes	in Oct 03	
Holway S/ITS	5.2%	4661
Holway Internet	4.7%	4092
FTSE IT (SCS)	13.5%	553
techMARK 100	14.6%	1025
Nasdaq Comp	8.1%	1932









line voice. By 2020, fixed line voice will have reduced to <20%; eclipsed by mobile and voice over IP (which we are classing as Data). Indeed, by then, revenues from mobile will be nearly three-times higher than revenues from fixed line voice. The effect of this on the current players will be profound...to say the least!

#### HOLWAY'S 20/20 VISION

"I have a dream..."

Some time back I put a GPRS card in my new lightweight laptop. It probably resulted in the greatest change in my working patterns since 1984 when I started using a Mac. At last I was freed from my "wired" desktop. I could work almost anywhere I chose. As I don't yet have broadband at home, collecting my e-mails using Outlook via GPRS on a train is no slower than I am used to anyway. What really makes the difference is that it works almost anywhere. I've already used it on a fell side in the Lake District, on a ship off the coast of Italy...let alone on the Eurostar and in an office in Paris. I don't have to worry about hotspots or access permissions. This type of seamless and universal connectivity is THE FUTURE. I have absolutely no doubt that the speed and cost issues will be resolved in the various "generations" to come...because that's what technology always delivers once universal standards are adopted and commercial take-up explodes.

By 2020, everything will be wireless. Every device from computer equipment to domestic electronics will be connected in the home (or office) via wireless links. Every home will have a 100mb wireless node. Some will have this via a single fixed line. Others will by-pass this and use wireless links for "the last mile" too. Emerging nations will miss out fixed lines altogether as will many UK rural communities.

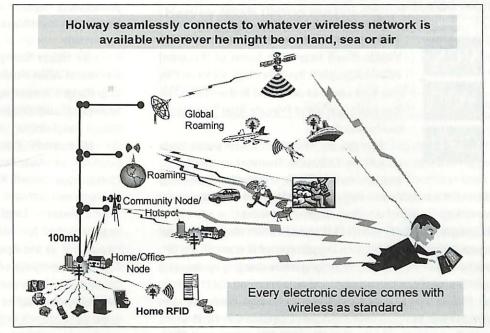
You'll get coverage at some speed and cost in almost every place on earth. As a user you won't care to which network you are connected. The technology will sort that out seamlessly for you as you roam.

It won't just be phones, PDAs and PCs etc that will be wireless connected. But every car, lorry, burglar alarm, TV, fridge, printer, camera will be built with a wireless connection. As will every dog, cat, badger and child...and, possibly, every person. (Indeed, when I tested out this vision on my wife, it was the ability to find out where her two cats were at any time which proved the real turn on!)

This is a world where you won't have to think what music to take with you to play on your walkman or in your car. You'll be able to play any tune ever recorded. And your living room entertainment centre will play any movie or TV programme whenever you like.

But over-capacity will be rife in the mobile market too. There is already so much bandwidth available that today's 'utility' analogy might soon be out of date. At least water and electricity are paid for. Will connectivity and usage charges, just like the internet now, be as free as air? If so, value-add, like content and associated

[continued from page two]



services, might not be enough to support the infrastructure costs. Getting the charging structure right will be of key importance to survival.

#### SECURITY AND PERSONA CARDS

One of the key issues in all this will be security. I do see a world where my whole persona is stored in one place. (Eg in today's terms, I walk into an office in Sydney,



put my 'persona card' into a PC and have access to every program, piece of data, network etc. that I would do here in Farnham) But is this stored remotely (i.e. today's Grid computing?) with me

accessing it from wherever and on whatever device happens to be handy? Or is it all on my 'persona card' which I carry with me – just like the SIM card in my phone or the memory pod in my laptop? Memory technology has actually advanced at a much faster pace even than communications. 100gb on a credit card-size memory pod would allow you to carry all your and your company's data around with you. You'd use communications just to synchronise the two. Either way, I have to ensure that only I can use it...so retina scanning, fingerprint recognisition, or whatever, is going to have a big part to play. As will all kinds of encryption.

Nothing above is revolutionary...indeed, all the bits actually exist already. All it needs is speeding up, making universal and, of course, cheaper. But that's exactly what ALWAYS happens with technology.

If you buy the above '20/20 Vision', then it has major consequences on the ICT sector. And, of course, its players. Wireless-enabling will pervade every part of the sector. All IT hardware, software development, media content, and IT services will move to wireless/mobile. Those that are tardy in such moves will be quickly overtaken and see their existing markets wither and die. The effect on some of the current communications carriers could indeed be terminal.

Already in 2003, it's the wireless-enablers that are getting the most interest. Indeed the recent resurgence of tech IPOs are in this area and all the VCs we talk to see this as the hottest investment sector.

#### CONVERGENCE AND CONSOLIDATION

Interestingly there isn't a global ICT wireless leader at the moment. There are

players strong in various constituent parts. We have little doubt that the next 17 years will see major "Convergence and Consolidation" across the whole of ICT. IBM currently has more bits in place than most. Microsoft nearly missed the Internet - we doubt if they will want to miss the chance of dominating the wireless world. Or maybe we will see a merging of some of the Tier 2 S/ITS players with a number of the "national" carriers and mobile operators.

#### CHANGING SHAPE

In 2002, I first put forward the concept of IT as a mature sector. Many people inferred that maturity meant an end to innovation. That was completely incorrect. Indeed, I see MORE and FASTER innovation in the next period.

ICT's share of GDP might well be lower in 2020 than it is now but its shape will be very different.

The Wireless World is about to happen and it's going to be even more exciting, more liberating, more life changing than anything we have seen in the past.

If that's what maturity brings, then you can keep adolescence.

[continued on page four]

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PRINCE'S TRUST DEBATE



Join me on the evening of 25th November 2003, when I chair the debate entitled 20/20 Vision. You'll hear from some of the most influential people in the technology sector as they give their vision of our world in the year 2020. The event is in aid of Prince's Trust Technology Leadership Group.

Last year my "IT's all over now?" presentation raised over £100,000. This year, as the debate is sponsored by KPMG, and Marriott are making

a major contribution towards the provision of the facilities, we hope to exceed that figure. I've brought together a superb range of speakers:

- Richard Granger currently the NHS IT supremo with responsibility for the £2.3b National Programme about the biggest current IT spend in the UK. Richard also had a major role in the London congestion charging system and other high profile IT projects.
- Hermann Hauser now a partner in the Cambridge-based VC firm Amadeus. Hermann was the co founder of Acorn Computers in 1978 which produced the BBC microcomputer back in the 1980s. This spawned ARM.

Amadeus is responsible for many high profile investments in British technology.

- Sir Robin Saxby the cofounder of ARM Holdings whose chip designs are perhaps the best example of what British technology design can produce.
- Mike Lynch the charismatic founder of Autonomy - the Cambridge-based knowledge management software group.
- Peter Englander responsible for technology investment at the Apax Venture Partners with funds of >£1b.

And of course, Holway giving the "Analyst's View" of 2020. See www.tlg2020invite.com. (Richard Holway)



## SNOWDOGS SET TO HELP HARVEY NASH GROW IN US

UK-based IT staff agency **Harvey Nash** reported better than anticipated interim results and the acquisition of a US IT recruitment business in October.

Results for the six months to  $31^{st}$  Jul. 03, show turnover down 23% to £64.3m (H1 03: £83.5m) and lessening pre-tax losses of £4.4m (after exceptional costs and goodwill amortisation totalling £4.5m), compared to losses of £6.6m in H1 03. Losses per share improved to

8.04p from 14.16p. It is also good to see all of Harvey Nash's divisions, with the exception of the small consulting operations in mainland Europe and Asia Pacific, generating operating profits (before exceptionals and goodwill amortisation).

In the UK, turnover fell by 22% to £34.3m but the division returned to profitability with an operating profit (pre-nasty bits) of £0.4m, compared to a £0.4m loss in H1 03. It is also encouraging to note the 6% increase in Q2 revenues over Q1 suggesting increased activity levels in the UK IT contracting and consulting markets.

David Higgins, CEO, was 'cautiously optimistic' on the outlook: "Revenues have stabilised in most of our businesses over the last six months and in the second quarter we have experienced increased client demand in our UK and US operations. On the assumption that market conditions will remain competitive but stable, we are cautiously optimistic about the outlook for the rest of the year".

#### SNOWDOGS ACQUISITION

Harvey Nash also announced the acquisition of Seattle-based IT recruitment business Snowdogs for a maximum consideration of \$4.5m. In the year to 31st Dec. 02, Snowdogs reported a PBT of \$0.5m on turnover of \$4.6m and had net assets of \$0.54m. The initial consideration of \$1.5m is payable on completion

Harvey Nash Group plc	Turnover £m				
Six months to 31st July	H1 04	H1 03	Change		
UK	34.3	44.2	-22.3%		
Europe	26.8	34.5	-22.5%		
US	2.9	4.4	-34.1%		
Asia Pacific	0.3	0.4	-18.1%		
TOTAL	64.3	83.5	-23.0%		

through the issue of new shares. A deferred consideration of up to \$3.0m (also payable in shares) is dependent on Snowdogs achieving an annualised PBIT of \$0.6m in the next two years.

The acquisition, which is in line with the Board's strategy of building its overseas operations, will add to Harvey Nash's geographical coverage in the US and improve its critical mass. Harvey Nash is unusual in that, unlike most other UK-based ITSAs, it hasn't completely given up on the US market. In fact, not only has it retained a presence in the US, its US business is profitable.

Comment: We spoke with David Higgins and Albert Ellis (FD) [continued on page five]

#### [continued from page four]

and both seem 'cautiously optimistic' about the outlook for the UK and US operations. Their assumption that the UK market will remain "competitive but stable" is in line with our view of the UK ITSA market. Harvey Nash's UK clients are beginning to recruit more IT staff (after a lull during the Iraqi war) - with Financial Services and the Public Sector particularly strong - but the market is still very competitive because supply exceeds demand. What sets Harvey Nash apart from competitors such as Spring and Hays is its offshore operation - it has 60 developers in Vietnam. In fact, according to Higgins and Ellis, most of the profit in the UK business is down to this offshore capability.

The European and Asia Pacific

Harvey Nash Group plc		O	era	ating I	Profit £m	Margin		
Six months to 31st July	THE WAY	1 04	Н	11 03	Change	H1 04 H1 1.1% n. 0.8% 3.3 4.8% n. n/a n.	H1 03	
UK		0.4	-	0.4	Loss to profit	1.1%	n/a	
Europe		0.2		1.1	-80.4%	0.8%	3.3%	
US		0.1	-	0.3	Loss to profit	4.8%	n/a	
Asia Pacific	•	0.2	-	0.2	Loss both	n/a	n/a	
TOTAL		0.6		0.2	n/a	0.9%	0.3%	

markets are more of a concern. Harvey Nash has already closed its Australian operations and restructured its Hong Kong business and Higgins confirmed that it might withdraw from Asia Pac completely if business does not improve.

For the time being, the Group's growth focus remains on the UK and US, hence the acquisition of Snowdogs. The move doubles Harvey Nash's fee earning capacity in the US, a market where margins are already twice those in the UK. The acquisition also has clear advantages for Snowdogs – as a small local provider, it couldn't compete with the large US players, but now it has Harvey Nash behind it stands a chance of winning some larger 'preferred supplier' deals. Snowdogs will also be able to capitalise on Harvey Nash's offshore arm by selling into US companies such as Microsoft that won't use staffing companies (for fear of litigation from contractors) but will outsource development work. (Tola Sargeant)



### MSB ENTERS 'PERIOD OF STABILITY'

MSB International has revealed its interim results for the six months to 31st Jul. 03. Turnover fell 30% to £33.8m, but tight cost control has enabled MSB to breakeven at the operating level (it actually made a £21K profit compared to £123K last year before interest charges) and to report a pretax profit of £103K, compared to breakeven last year. EPS was 0.3p (0.0p in H1 03) and the company declared an interim dividend of 0.7p per share.

Commenting on the outlook, Paul Davies, Chairman, said: "Notwithstanding the continued tough market place for our services, the Board remains confident that the organisation changes and overhead savings we have made, now put us in a position to achieve further improvements in the business whilst retaining the capability to respond to market upturn as and when it occurs".

Trading conditions in H1 04

MSB International Six months to 31st July	H1 04	H1 03	Change
Total company revenue (£m)	33.8	47.6	-29.1%
Total company gross profit (£m)	5.2	7.3	-28.9%
Total company operating profit (£m)	0.0	0.1	-82.9%
Total company pre-tax profit (£m)	0.1	0.0	Breakeven to profit
Gross margin (%)	15.4%	15.4%	
Operating margin (%)	0.1%	0.3%	
Pre-tax margin (%)	0.3%	0.0%	

"remained challenging" for MSB, as for all recruitment businesses, and it has done well to report a pre-tax profit. There was, as expected, no "meaningful upturn or growth in demand" but MSB has entered a period of stability in which "steady progress" has been made. And this is about the most any IT staff agency (ITSA) can hope for at the moment. In fact, the one thing any ITSA shouldn't be counting on is a "market upturn". Our latest forecasts for the UK ITSA market, published in The UK IT Staff Agency Market 2003 report this month, do not anticipate a return to growth in real terms before 2006.

Of course that doesn't mean growth is impossible, but ITSAs like MSB have to work hard for it. Hence MSB's strategy of diversifying into a wider range of recruitment businesses with MSB Finance, Sales, Engineering and the latest venture, MSB Human Resources, launched mid-Oct. 03. MSB reported "continued progress" in these new divisions but it will take time for them to get established and fulfil the aim of reducing its exposure to the IT market, unless of course MSB decides to strengthen its presence in these markets through acquisition (or finds itself as someone else's lunch). (Tola Sargeant)

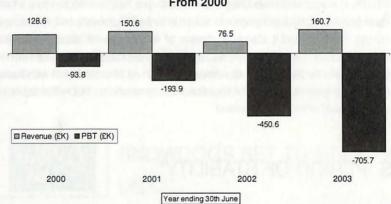


### BUMPER LOSSES FOR FLEDGLING KTS

Knowledge Technology Solutions (KTS), provider of real-time market data services, has announced results for the year ended 30th Jun. 03. Turnover has doubled to £161K (yes we do mean thousands!), however pre tax losses have deepened from £451K to £706K, and fully diluted loss per share, previously 0.38p is now 0.73p.

Back in September, the company raised £1m (before expenses), which is

Knowledge Technology Solutions plc 4 year Revenue & PBT Record From 2000



being used to support the roll out of the company's UK-only product (QuoteTerminal), and "accelerating" the sales and marketing of its international product (MarketTerminal).

Commenting on the results, CEO Dr Marc Pinter-Krainer said "The Company has made encouraging progress across all aspects of its operations. The short term sales prospects list is strong".

Comment: KTS describes these results as "encouraging", and says that orders were won towards the end of the year taking annualised revneues above £0.5m. OK, the top line growth was great, but the company's losses still exceed turnover - and there's no mention of when we can expect to see any profits. (Heather Brice)



## SCH REPORTS SERVICES SUCCESS IN FY03

Specialist Computer Holdings (SCH), Europe's largest privately owned technology group, has announced results for the year to 31st March 03. We have become accustomed to the lack of detail provided by the company, but it's a shame as there are clearly significant new developments going on within the business. Specifically SCH reports "strong performance and growth" in its services business, and "substantial new service led business wins".

Headline results reveal turnover up c13% to £1.74bn, however, SCH made five acquisitions during the course of the year (in the UK, France and Spain) without which we reckon revenue would have declined. Turnover in the UK fell 7% to

£815m, meanwhile continental Europe grew 37% to £925m (representing 53% of turnover). "Strong double digit growth" was achieved in all service businesses. Operating profit improved by 4.5% to £30.6m.

Sir Peter Rigby, SCH's Chairman and Chief Executive, acknowledged that all of its principle European markets continue to experience "severe downturns" in overall business volumes, with subsequent pressure on margins. Looking ahead, he sees no let up in these tough trading conditions in the short term. However SCH is upbeat about its "strong bid opportunity pipeline" for Managed Services, which as rival **Computacenter** has shown, is the best place to be right now. Indeed, CC revealed a 12% rise in UK managed services at its recent interims, against an overall decline of 9% in the UK.

SCH's successes included a renewal and extension to its contract with British Airways mooted to be worth c£75m. The contact, which runs for up to seven years, includes desktop managed services across Europe.

SCH's strategy – to build its higher margin contracted services base and maintain "rigorous" control over costs – is entirely appropriate, and there's clearly still room for improvement as margins remain sub 2% (a comparison with CC's latest numbers does SCH no favours, as the former made a 3.2% margin on continuing ops).

Further acquisitions are on the cards in FY04, as SCH continues its "aggressive" European acquisition strategy. The company has a successful

#### [continued from page six]

track record of picking up ailing (or unwanted) players, and integrating them into the family, and as Sir Peter commented in an interview in The Times earlier this month, "there are plenty of companies that are in trouble or want to get out of the industry".

Turnover £m SCH plc 2003 2002 Change FYE: 31st March -7% UK 872.5 815.0 Continental Europe 925.0 672.9 37% 1740.0 1545.4 TOTAL 13% Indeed, later in October, SCH announced the acquisition of Dutch hardware distribution business Pluz,

currently owned by **Getronics** and **Hagemeyer**, for an undisclosed sum. Pluz is described as "one of the key players in the Netherlands in hardware distribution activities to Value Added Resellers and Systems Integrators". Pluz was formed in 2001 from the merger of Getronics' distribution subsidiary Datelcom with Hagemeyer's Codis activities.

The addition of Pluz makes good sense. SCH already has an established presence in the Netherlands, where its reseller operations (Info'Products) ranks #1. This move is part of the company's strategy to build up both its distribution and reseller business, across Europe. The move also makes good sense for Getronics. They are pursuing a policy of disposing of non-core or under

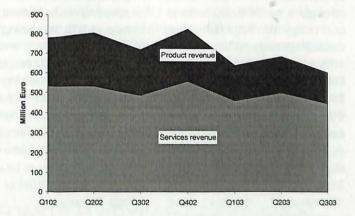
performing units, in a bid to refocus the business on core operations.

Rigby also revealed that SCH is to adopt a single brand - SCC across its European integration and reseller businesses. The change, which took place on 1st October, "reflects the evolution of the Group into a major European player in the IT services and solutions marketplace and our intent to become a top 20 global IT services provider over the next five years". That's going to take some doing, as SCH has a fair way to go before it becomes a top 20 supplier of software and IT services to the UK market - they only just made it into the top 50 in 2002. But Rigby is nothing if not ambitious. (Heather Brice)



### GETRONIC'S LONG ROAD TO RECOVERY

Getronics, the Netherlands-based IT services firm (and top 10 supplier of IT support services to the UK market) has released Q3 results. It also announced that it has raised cEUR100m through the issue of convertible bonds, to facilitate the refinancing of existing debt. Back in Q1, Getronics appointed new management following the departure of both the CEO and CFO. At that time the company's future was looking very uncertain. However, following a review of the business, the new management instigated a recovery plan that has involved divesting non core or under performing business units, focusing on core operations - managed desktop & network services,



infrastructure integration and solutions – driving through operational efficiencies, and improving the balance sheet.

Comment: The plan seems to be working. Unfortunately, Getronics did not provide a breakdown of performance at the country level, commenting instead that the "vast majority" of countries performed on or above forecast, and restructuring and recovery plans in Italy and the Netherlands "remain firmly on track". EBITAE for the ongoing business was cEUR4m compared to a loss of EUR11m Q3 02.

Headline revenue is down 16.4% (12% at constant exchange rates) to EUR601m, but the bit we're really interested in – Services – declined 8% (3% at constant rates) to EUR446m. Getronics has reduced headcount by 1,400 over the period, resulting in an improvement in services revenue per head (up

c5% at constant rates), and, more importantly, gross profit (up 13%). With product revenues falling sharply, Getronics' services business now contributes c74% of total revenues.

So, Getronics continues along the long road to recovery. With an increasing proportion of turnover coming from services we would expect to see further improvement in margins, and greater revenue

[continued on page eight]

[continued from page seven] visibility in the year ahead.

Following the results announcement, and in keeping with its divestment strategy, Getronics revealed it had disposed of its 49.9% stake in Dutch hardware distributor Pluz, to SCH (see page 6) for an undisclosed sum. (Heather Brice)

Getronics NV	Tur	Turnover EURm					
3 months to 30th September	Q3 03	Q3 02	% Change	% Change at constant rates			
Services	446.0	487.0	-8.4%	-3.4%			
Product	155.0	232.0	-33.2%	-30.3%			
TOTAL	601.0	719.0	-16.4%	-12.0%			



## ACCENTURE SET TO DROP IN UK RANKINGS

As previewed in September, confirmed Accenture worldwide results for the year ended 31st Aug. 03, reporting revenues up by 2% to \$11.82bn, although this was a 4% decline in local currencies. Operating income grew by 12% to \$1.55bn, lifting margins by one point to 13%. Pre-tax income soared by over half to \$1.61bn as 2002 profits were hit by a \$321m loss on investments. Accenture's outsourcing services grew strongly - by 37% (32% local currency) to \$3.57bn, but consulting revenues dropped by 10% (16% local) to \$7.92bn. EMEA revenues grew by 8% to \$5.35bn, but this was actually a 6% drop in local currency. Accenture's strongest vertical line of business was Government, showing revenues up by 20% to \$1.58bn. Both 'Products' and 'Resources' groups revenues decline, and Financial services was flat. Perhaps surprisingly, Comms & Hi-Tech, the largest group, saw revenues increase by 3% to \$3.29bn.

Accenture's UK revenues struggled up by 1% to £1.1bn, although this translated to a 4% increase in dollar terms.

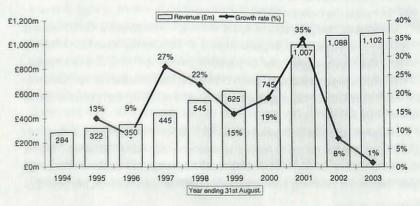
Comment: At the global level, this is a pretty reasonable result under the circumstances, and much in line with almost all the major US players. But we

suspect that Accenture UK managing partner Ian Watmore must be a little disappointed with the UK results as traditionally the UK is Accenture's fastest growing country. Indeed, this rather lacklustre growth will almost certainly mean that Accenture will cede its number three spot in the UK rankings to CSC, who we are expecting to comfortably breach the 'magic billion' revenue mark over the full year.

But Ian Watmore can surely take some solace from a new contract in UK public sector, as Accenture has just picked up a £38.5m/five-year contract from the Department for Constitutional Affairs (the DCA, formerly known as the Lord Chancellor's Dept.). This deal is (hopefully!) one of the last pieces of the infamous Project Libra to connect the magistrates' courts in England and Wales. If you remember, the LCD dropped Fujitsu from the application management part of Project Libra in Jul. 02 and abandoned plans to implement a new case management system amid delays and spiralling costs. Instead, it chose to revamp its existing systems with the help of STL Technologies and announced plans to appoint a systems integrator to rollout and run the application. So, Accenture will now be integrating and testing the case management software that STL is providing, and training the courts' 11,000 staff. It will also provide a Management Information System Data Warehouse. Rollout to the first of 42 Magistrates' Courts Committees will begin late in 2004 and should be completed by the end of 2005. Although it's not a 'mega-deal', Accenture will be pleased to get a foot in the door of the criminal justice IT market, which we expect to be one of the biggest growth areas within the public sector with a CAGR of c25% between 2003 and 2006. (Anthony Miller & Tola Sargeant)

Accenture UK

10 year revenue record and growth rate



## Deloitte.

### DELOITTE RE-BRANDED AS REVENUES GROW

Deloitte Touche Tohmatsu, parent company of Deloitte Consulting, reported a 21% increase in global revenues to \$15.1bn (c£9bn) up from FY02's \$12.5bn. The Group also announced a simpler brand name, "Deloitte", which will be used by Deloitte Touche Tohmatsu,

Deloitte & Touche and Deloitte

Consulting.

EMEA saw the most growth with revenues up by 44%. Asia Pacific grew by 12% and the Americas by 9%. Deloitte didn't provide a breakdown for the individual service lines, but, according to the FT, Consulting had a fall in revenues and the tax and financial advisory arms showed the most growth. The majority of the 21% growth probably came from the 'acquisition' of Andersen partners and staff after the Enron scandal.

We'll have to wait to get more granularity on the numbers, but we wouldn't be surprised to see Consulting's revenues fall. The project services market is still in the doldrums and Deloitte Consulting, after its aborted

separation from DTT, has the added difficulty of not now being able to target its sister companies' audit clients. The fact that Deloitte's outsourcing strategy is not yet fully defined won't have helped its consulting revenues either.

Unfortunately we are not convinced that the re-branding as Deloitte will make life easier for the consultancy business. There is a danger that it will only confuse Deloitte's customers further and that the 'consultancy' message will get diluted. What is needed now is a period of stability as the new 'Deloitte' to allow the Consulting business to re-define itself.

#### PATIENT FIRST ALLIANCE EXITS NHS IT SHORTLIST

Deloitte also hit the headlines this month when it became clear that the Patient First Alliance (PFA), which it jointly primes with Jarvis, is no longer in the running for a Local Service Provider contract under the NHS' National Programme. The *e-Health Insider*, an industry newsletter, claimed PFA was effectively disqualified from the procurement competitions in the North West and North East regions after failing to meet a deadline to clarify its position to the Department of Health.

Comment: So now there are ten bidders. The question is why. Many are once again pointing the finger at contract terms and conditions and the balance of risk and reward. If this were the case, then in a way it would be rather reassuring that suppliers were not bowing to pressure to accept 'unreasonable' T&Cs. But it may not be as simple as that. PFA was originally led by Jarvis and SAIC until Deloitte joined as joint prime a few weeks ago. It's possible Deloitte's late entry upset the apple cart and made managing what was already an odd mix of partners even trickier.

Whatever the truth behind PFA's departure, so long as others don't follow suit, we don't think it has serious implications for the Integrated Care Record Service procurement process. Competition in the two regions PFA was short-listed for remains strong. Consortia led by Accenture and Cerner will fight for the North East contract, while the consortia headed by BT, CSC, Fujitsu and IBM are all competing for the West Midlands and North West spot. (Tola Sargeant)



## SOPRA FORECASTS FLAT YEAR IN 2003 THEN GOES SHOPPING

One of the 'junior league' European IT services players, France-based Sopra, has announced half-year results. Revenues for the six months ended 30th Jun. 03 slipped 1% to EUR261m and operating profit also fell 1% to EUR15m (5.7% margin). Consulting revenues fell 4% but has proved "resilient". The domestic Systems & Solutions

Integration business grew revenues 1%, but S&SI in the rest of Europe suffered an 18% downturn in revenues, mainly due to problems in Germany and Italy. Sopra expects full year results to be "inline with the prior year".

Then a week after announcing these results, Sopra revealed that it is to acquire **Inforsud Ingeniere**, the IT subsidiary of Credit Agricole Regional Bank. It looks like an all share deal, and aims to complete by the end of the year. Inforsud Ingeniere had 2002 revenues of EUR36m and employs 530 staff. It specialises in IT services and solutions in the banking, finance and insurance sectors.

Comment: So, consolidation in the European S/ITS market continues apace! Sopra hopes that the acquisition of Inforsud Ingeniere will push

#### [continued from page nine]

them nearer to becoming "one of the premier consulting and systems integration groups in France" and will increase its profile elsewhere in Europe. But therein lies its inherent weakness – no outsourcing. It's not that this is a 'bad' acquisition – the fit looks good and shouldn't cause 'indigestion' (Sopra's revenues are around eur530m). Sopra will have to do some 'surgery' on its new purchase, though, as revenue per employee at Inforsud Ingeniere is about 20-25% below Sopra's.

But even with this acquisition, Sopra is still a small fry in the grand European scheme of things. If it indeed has aspirations to become a significant player, then it needs to be much bigger – the 'new' Atos will be

around 10 times larger. But frankly the outlook for 'pure' consulting & SI players really is bleak. If Sopra wants to survive in the longer term then it will need to find (i.e. acquire) some substantial IT outsourcing capability, and also gain a foothold in the emerging BPO market. (Anthony Miller)

## **UNISYS**

## UNISYS IN LINE WITH Q3 EXPECTATIONS

US-based **Unisys** announced its results for the quarter to end September 2003. Total revenues were up 9%, compared to Q3 02, to \$1.45bn. Unisys' operating profits for the quarter were up 10% at \$105.9m. PBT fell from \$88.1m to \$84.0m and EPS was 17 cents, compared to 18 cents in Q3 02.

This is a set of good, dull results from Unisys. The weakening dollar certainly helped - non-US business registered a 7% rise, compared to a flat showing on a constant currency basis. But business in the US held up well, with turnover increasing by 11%. While reiterating its targeted earnings for the full year of 77 cents per share on "mid single-digit revenue growth", Unisys also emphasised that "the global environment remains challenging". Indeed, the company underlined that signing contracts is not getting any easier, especially in the U.S., where "orders showed a double-digit decline" in the quarter.

Unisys is doing OK in these conditions because it has a nicely diversified business that covers IT outsourcing, BPO and a whole range of technology offerings. It also has a sizeable list of long-established customers to fall back on. So while Unisys' progress may not be spectacular, it's looking in pretty good shape. (Phil Codling)



## ENCOURAGING OUTLOOK FOR PINKROCCADE UK

Netherlands-based IT support services company PinkRoccade has reported its results for six months ended 30th Jun. 03. Revenues declined 11% to EUR372.1m, however, pre-tax profits rose 77% during the period to EUR14.7m. Profits were given a boost by a sale and leaseback transaction of offices in the Netherlands, without which the increase would have been c35%. PBT margin improved from 2% in H1 02 to 4%.

Looking to the rest of the year, the company "sees no indications as yet of a substantial improvement in revenues in the second half of this year (and) the persistent pressure on prices will continue to have a negative impact on turnover for the time being".

Comment: Almost 90% of PinkRoccade's revenues come from its home country. They boosted their presence in the UK when they acquired the managed services business of ECSoft in Feb. 01 and then went on to acquire veteran support services firm Computeraid back in Dec. 01. Since then PinkRoccade has targeted the UK as it's "second home market", concentrating on servicing the mid-market with a portfolio of services that include IT infrastructure managed services, apps management, consultancy and training.

PinkRoccade NV		EURm	l Danie
Six months to 30th June	H1 03	H1 02	Change
Turnover	372.1	418.6	-11.1%
Operating Expenses	354.8	406.6	-12.7%
EBITA	17.3	12.0	43.9%
PBT	14.7	8.3	76.9%
PBT margin	4.0%	2.0%	n/a

We met with UK CEO Clive Hyland this month, to hear more about the UK performance, and outlook for the year as a whole. Unlike its parent, PinkRoccade UK is growing, and the outlook for the full year is encouraging – Hyland expects to end the year with c£69m S/ITS revenues, up 7% on FY02. The story is a familiar one – winning

#### [continued from page ten]

new clients is very difficult, but Hyland reports that all of their major accounts are spending more.

Under Hyland's leadership the company has been investing significantly in its Managed Services offering (new service centres were opened in Runcorn in Jan. 03, and in Glasgow in Aug. 03). Whilst this will hold back profitability in the short term, it was the right thing to do. Managed Services is on course

for c£33m this FY, and Hyland reports that margins are holding up well. PinkRoccade is also enjoying double-digit growth in Applications Management. Meanwhile Consultancy revenues (which includes interim management) remain flat – a robust performance in the current climate, and ITIL Training is steady and consistently profitable (unlike many training businesses). Maintenance revenues continue to be under pressure. In our view, PinkRoccade lacks the scale to compete effectively in the maintenance arena, and would do well to consider outsourcing to a third party (as it has done with its logistics function), in order to concentrate on higher margin activities.

Overall it a positive picture. PinkRoccade has carved itself a niche in the mid-market, and with recurring revenues running at c64% of total sales, the company has a good base on which to build in the year ahead. (Heather Brice)

## **SchlumbergerSema**

## Q3 RESULTS FROM SCHLUMBERGERSEMA

Schlumberger released its first set of results since announcing the proposed sale of the majority SchlumbergerSema to Atos Origin. In the quarter to end September 2003, SchlumbergerSema grew revenues by 6% to \$792m, compared to Q3 02. Operating profit was \$27m, compared to a loss of \$3m in Q3 02. For the year so far, SchlumbergerSema's revenues are up 11% (compared to the first nine months of 2002) and operating profits are healthier

by some \$66m.

All in all, there's nothing here that will overly concern Atos. SchlumbergerSema has put in a reasonably solid performance so far in 2003, although the growth in both profits and revenues owes a great deal to the impact of European currency appreciation against the dollar. Overall, this is a business finding it hard to grow as it encounters "reduced activity" in some of its core areas (those quoted by the company include telecoms in Italy and Germany, as well as the Metropolitan Police business in the UK). So what Atos will be buying is a business not in crisis but certainly in real need of some impetus and direction. By the way, Schlumberger's results also include the first mention we've seen of just how much of the Sema business will be bought by Atos: the release states that the activities to be transferred had revenue of \$633m and operating income of \$17m for the quarter. This means Atos is taking over, in turnover terms, 80% of SchlumbergerSema. We await more detail on exactly which bits that 80% covers. (Phil Codling)



## PARITY HIT BY DUTCH BUSINESS CLOSURE

Solutions, training and staffing company Parity has released its results for the six months to end June 03. Total sales were 18% down on H102 at £80.9m, turnover from continuing operations (excluding Parity Solutions BV) was £78.9m, 18% lower than the same period last year, but only 4% down on the second half of last year. Total

operating losses deteriorated to £4.5m (£1.25m from continuing operations), compared to £518K in H1 02. Losses per share deepened to 9.18p from 0.63p.

The results are complicated by the closure of its Dutch solutions business, Parity Solutions BV, earlier this year. Parity reluctantly took the decision to put the business into the receivership after it discovered financial irregularities: the subsidiary's revenues had been significantly overstated and there was no sales pipeline for the business. The problems with the Dutch solutions business have now been capped, but at some considerable cost to the Group.

The closure of the Dutch solutions business hit Parity particularly hard

[continued on page twelve]

#### [continued from page eleven]

at the pre-tax level. Although pre-tax losses from continuing operations more than doubled to £1.7m (H1 02: £820K), in total pre-tax losses were a huge £13.8m. This is largely as a result of exceptional costs of £1.6m relating to misrepresented revenues from the Dutch solutions business and £8.7m of goodwill relating to the business, which had previously been written off to reserves and will not therefore effect net assets.

By division, the results break down as follows:

- Business Solutions revenue is down 19% on H1 02 at £11.6m but PBT was £0.6m, up from £0.2m in the second half of 2002 but down on H1 02's c£1m profit. Parity attributes this recent progress to its continued focus on key accounts and selling more efficiently. Overheads at the division have been reduced by 19% compared to the same period last year and the order book is up 38%.

- Training revenue is 5% below H1 02-levels at £12.8m but we are pleased to see the division has moved into profit, reporting a PBT of £0.16m, compared to a loss of £0.14m in H2 02. Margins at the division have improved because Parity has managed to convert spending on its training outsourcing contracts from third-party courses to its own programmes.

- Revenues at Resourcing Solutions, the ITSA business, were down 17% on the same period last year to £45.8m. But the numbers of contractors on billing is up (slightly) and costs have been cut by a further 6% since H2 02, allowing the division to move into profit. It reported a PBT of £0.1m, compared to a loss of £0.2m in H2 02.

- The US business was the hardest hit, reporting a 33% drop in revenues over H1 02 and a pretax loss of £0.2m, compared to a £0.2m profit in the second half of 2002. However, costs at the division have been cut by 19% and Miller is hopeful that activity rates suggest a strengthening of the US market.

Full-year results for the continuing business are expected to be in line with Parity's expectations.

#### RIGHTS ISSUE

In addition to its results, Parity confirmed that it is initiating a rights issue at 7.5p per share designed to raise  $\mathfrak{L}9.2m$  net of expenses. The proceeds of the issue, which is fully underwritten, will primarily be used to strengthen the Group's balance sheet to reassure clients of its ability to deliver against large, long-term contracts. The funds will also be used to provide working capital to support the increased levels of activity, to extend the restructuring programme and to fund limited capital investment to improve the efficiency of back office and support functions.

Parity Group	T	urnover £m		
Six months to 30th June	H1 03	H1 02	Change	
Business Solutions	11.6	17.3	-33.1%	
UK	11.6	14.3	-19.0%	
Europe	n/a	3.0	n/a	
Training	12.8	13.5	-5.4%	
Resourcing Solutions	45.8	55.1	-16.8%	
UK	31.6	38.0	-16.9%	
Europe	14.3	17.1	-16.7%	
Parity US	8.8	13.0	-32.6%	
Discontinued operations	2.0	-	n/a	
raining esourcing Solutions UK Europe arity US	81.0	99.0	-18.2%	

Comment: It's a shame that the problems with the Dutch Solutions business mask the progress that Parity has made in further cutting costs and maintaining underlying profitability in three extremely tough markets. All three of Parity's European businesses are now profitable (albeit only just) and have shown improvement over H2 02. And although the US business reported a loss for the period, Ian Miller, CE, claims it has since "bottomed out" and returned to profitability in Aug. 03.

Parity has continued to benefit from its strong public sector presence – this sector now accounts for 54% of Business Solutions' revenue, up from 39% in H1 02, and public sector orders of c $\Sigma$ 5.6m were secured during the period.

Its strategy of moving towards longer-term contracts and into outsourcing and 'BPO' to produce more predictable revenue streams is also beginning to pay dividends. The Business Solutions division, for example, now has seven contracts lasting for more than a year, compared to just one contract two years ago. It has also exploited customer loyalty, increasing the proportion of revenues generated by 10 key accounts to 63%, compared with 55% in H1 02. Miller was quick to point out that this does not amount to having all its eggs in one basket though – no one customer accounts for more than 10% of the division's revenues.

The big danger for Parity is that it loses this public sector and outsourcing/BPO business because of the weakness of its balance sheet and high level of debt (net assets have fallen from £35.3m at 30<sup>th</sup> Jun. 02 to £6.7m a year later). That is why the success of the rights issue is so important to the Group's future growth. (Tola Sargeant)



### CHARTERIS SINKS INTO LOSSES

Charteris, business and IT management consultancy, has seen a slump in revenues for the year ended 31st Jul. 03. Turnover has declined 36% on last year to £12.2m while PBT has fallen from £1.6m in 2002 to a loss of £625K this year. Earnings per share have taken a knock, dropping from 2.50p to a loss of -1.26p. It does, however, still have cash in the bank: £3.3m compared with £4.9m at the same time last year.

During what has been a difficult year for the company, there have been some key sales opportunities that didn't come to fruition. The general picture also shows that it's taking longer for the company to convert sales prospects into orders.

Against this background, Charteris has set-up a three-year strategy to penetrate the retail, public sector and technology markets. It's also looking to increase its current business with the financial services sector, which historically has served it well.

David Mann, the company's Chairman, said: "Whilst some positive indications are starting to emerge, we expect that improvement will be gradual. However, despite the difficult circumstances this year, we have ensured that the fundamental strengths of the business are preserved and the seeds are sown for the future."

Charteris plc
6 year Revenue and PBT Record
Relative to 1998

☐ Revenue (£m) ☐ PBT (£m)

13.3

1.6

12.2

2.3

0.2

4.7

0.5

6.4

0.4

1998

1999

2000

2001

2002

2003

Comment: Charteris has been working on a diversification strategy, which appears to be paying dividends. Its retail business has increased 17% on last year and it's just won a contract worth £2.3m over 18 months with KCI, a medical devices manufacturing company, to develop its IT strategy. Public sector business has more than doubled and the company now has a place on the IT and Business S-Cat.

But let's face it, it's operating within an extremely tough environment. Our figures show that the IT consultancy market declined by c16% in 2002 and looks set to be hit by a further double-digit decline this year. Charteris is a very small fish swimming against a very powerful tide.

Even back in 2001 and 2002, when the company enjoyed 'good times' with successive years of revenue growth, it still struggled with profitability. Given that the demand for 'stand alone' consultancy is stuck firmly in the doldrums with very little sign of recovery, the outlook isn't bright at all. Charteris was founded in 1996 and floated on AIM in Nov 00 at 90p.

As of the end of October, shares in the company were trading at 24p. (Kate Hanaghan)



## ALTERIAN: PROGRESS IN NORTH AMERICA SAVES THE DAY

Alterian, provider of "marketing and customer insight solutions" has announced results for the six months to 30th Sep. 03. Revenue is virtually static at £1.8m compared to H1 02, but down 39% compared to the

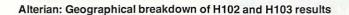
previous six months. LBT has improved from £4.5m H1 02, to £2.4m, and loss per share, previously 11.4p is now 5.4p. Commenting on outlook, Chairman Keith Hamill said: "Alterian is making good progress with its strategy of developing longer-term contracts and of delivering high quality future revenues...the board is confident that significant future revenues are being built which will place Alterian in a strong and profitable position next year and beyond".

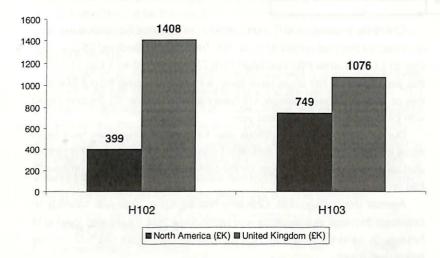
Alterian reports that delays in the roll out of products under

[continued from page thirteen]

existing agreements mean that the company is unlikely to meet its target of breakeven in earnings and cash flow this year. However, good progress is being made in North America, where sales were up 88% compared to H1 02 (and over 100% compared to the preceding six months).

Alterian's OEM agreement with Experian (BPO player, and UK market leader in consumer credit information services) looks to be going well. Following the launch of its first major OEM product in Q1, which resulted in a new long-term agreement with infoUSA, Alterian today announced the general release of a second OEM product launch by Experian.





Three organisations in the UK and Europe have already signed up, generating annual royalties for Alterian. Focusing on longer-term contracts, and recurring revenues is the right thing to do, and Alterian could do a lot worse than hang on to the coat tails of a (successful) BPO player like Experian. (Heather Brice/Georgina O'Toole)



## CANCELLED CONTRACTS PUT ARGONAUT INTO

Games developer, **Argonaut Games** has turned in a 63% reduction in revenues from £14.2m in 2002 to £5.3m as of the end of Jul. 03. The cancellation by publishers of two major title contracts ('Malice' and 'Orchid') dragged the company into losses. The company, which last year made a PBT of £2.8m, had two major title contracts ('Malice' and 'Orchid') cancelled by publishers dragging it into losses before tax of £10.9m for the year-ended 31 Jul. 03. It's also struggled with delays in the signing of new games.

EPS dropped significantly from 2.87p to a loss of 11.20p, while goodwill write-offs have increased to  $\Sigma 2.1m$  from  $\Sigma 0.4m$  in 2002.

Comment: Argonaut is suffering not only at the hands of cancelled contracts but also from the knock-on effects of an industry where, increasingly, sales are focussed on fewer and fewer titles. So while the big titles draw greater and greater revenues, publishes are curtailing

development projects. The company's PlayStation version of Harry Potter and the Chamber of Secrets exemplifies this and continues to prop-up royalty income [though even royalty revenues have suffered, dropping to £2.4m from £6.1m in 02].

Despite the presence of this trend, the company is going ahead with a record four-title release over Christmas. Clearly the games business is not for the faint-hearted! (Kate Hanaghan)



### FUJITSU REPORTS FIRST HALF RESULTS

Japanese IT giant Fujitsu has just reported its results for the six months ended 30th Sep. 03. Overall, revenues are about flat at \$19.3bn, but operating losses declined by 23% to \$162m. Pre-tax losses declined by 77% top \$460m. Fujitsu's Software & Services (S&S) revenues fell by 1% to \$8.19bn, but operating income plummeted by 44% to \$260m, dragging margins down from 5.4% to

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
CRC Group		Repair of laptops, printers, cash machines and EPOS equipment	100%	£0.8m	SBS' German IT repair business turned over £17.0m in the year to 30th Sep. 03. Customers include Wincor Nixdorf and Fujitsu. Wincor Nixdorf's German repair operation services a range of multivendor
CRC Group	Wincor Nixdorf Engineering GmbH	Wincor Nixdorf's German repair business	100%	£0.4m	
Harvey Nash	Snowdogs LLC	Seattle-based IT recruitment business	100%	max \$4.5m	The acquisition, which is in line with the Board's strategy of building its overseas operations, doubles Harvey Nash's fee earning capacity in the US, a market where margins are already twice those in the UK. Harvey Nash is unusual in that, unlike most other UK-based ITSAs, it hasn't completely given up on the US market. In fact, not only has it retained a presence in the US, its US business is profitable.
LIS Online Ltd	Alphameric's logistics division	Logistics operation	100%	£300K	Alphameric disposed of its loss-making logistics operation for £300K cash in order to concentrate on its core activities (solutions for the retail and gaming sectors).
мво	Elderstreet from Dresdner Bank	Private equity	100%	r/a	Michael Jackson, Paul Frew & Barnaby Terry at Elderstreet, have completed their MBO from Dresdner Bank. Elderstreet became a part of DKB in those heady heydays of 2000. Dresdner has decided to exit the private equity market thus providing the MBO opportunity. Elderstreet joins a growing group, like M&A specialists Regent Associates, who sold in 2000 and were able to buy back at a somewhat reduced price later.
Microgen	MMT Computing	IT Solutions and staffing	100%	£17.9m	The recommended offer (in cash and shares) is a blessing for loss-making MMT. In June, MMT warned that it was still awaiting the first sale of its new pricing product, results for its Systems Solutions division are expected to be "disappointing" for the year to 31st Aug. 03 while its Management Consultancy division "performed below expectations". From Microgen's point of view, the acquisition brings it more scale and fits quite nicely with its existing divisions. With both companies UK-based there will clearly be scope for cost savings too.
AM ·	Peakschoolhaus Ltd	Ofsted inspection and training provider	100%	max £2.9m	RM has established a good track record in identifying, and integrating, modest acquisitions over the years, and this one will further expand their footprint in the broader education services market. Indeed, it is just the sort of acquisition we have come to expect from education sector specialists Tribal.
Sage	Grupo SP	Spanish entry-level accounting software firm	100%	c£49.1m	Sage paid £55.7m cash for SP, but given that SP had £6.6m in cash the enterprise value was £49.1m. SP had revenues of £22.8m and made an OP of £4.4m in year ending 31st Dec. 02. The acquisition adds 200,000 customers to the Sage family, and with one leap "establishes a leading position in Spain".
Sophos	ActiveState	Anti-spam software for enterprises and professional tools for programmers	100%	c£13.8m	Sophos, provider of anti-virus software, acquired Canadian ActiveState for \$23m cash. ActiveState's customers include HP, Intel and Microsoft. Sophos plans to retain all 100 employees.
Specialist Computer Holdings (SCH)	Pluz - Dutch hardware distribution business owned by Getronics NV and Hagemeyer NV	Value add Dutch distributor	100%	n/a	The addition of Pluz makes good sense. SCH already has an established presence in the Netherlands, where its reseller operations ((nfo'Products) ranks #1. This move is part of the company's strategy to build up both its distribution and reseller business, across Europe.
Systems Union	MIS AG	Business intelligence (BI)	100%	£23.7m	MIS will continue to operate independently in the BI market. MIS has 460 staff and claims to have 23,000 users in 1,000 companies around the world. Its shares are trade on the Frankfurt Stock Exchange.
Vidyah Inc	Spring's IT training business	IT training	100%	£1m	UK ITSA, Spring Group, has sold its loss-making IT training business to US-based Vidyah Inc, a company part-owned by Knowledge Universe, Spring's largest shareholder. With training suffering declining revs and deepening losses, this really was a no-brainer. The disposal leaves Spring free to concentrate on its ITSA business.

Forthcom	ing IP	Oe

Name	Activity	S/ITS or Dotcom Index	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Logcom	Softw are resale	S/ITS	R	MAIN	Na	£120.0m	Apr-04
TradingSports	Technology for P2P betting exchangs	S/ITS	SP	AIM	Na	£12-14m	TBA
Fixology	Digital photographic softw are	S/ITS	SP	AIM	Na	N∕a	2003/2004

[continued from page fourteen]

3.1%. Fujitsu's non-Japanese S&S revenue dropped by 5.5% to \$2.14bn. The company reported that sales of infrastructure services in Europe has declined.

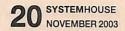
Comment: This is not very encouraging news as much of Fujitsu's non-Japanese S&S business is, of course, 'our very own' Fujitsu Services. Given that the very focus of Fujitsu Services is now on infrastructure services, this does not bode well for the remainder of its financial year. Indeed, we are now forecasting that Fujitsu Services will drop down the UK rankings in 2003. (Anthony Miller)

A Design	QU	oted Cor AFA Systen		- nesult		Service	Compel Gr		a Names ind	icate result	announced Glotel		The state of the s
1000	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison	and the same	Final - Jun 02	Competat	Final - Jun 03	Comparison	Final - Ma	02	Final - Mar 03	Comparison
REV	£3,137,000 -£2,163,000	£6,013,000 -£10,638,000	£2,850,000 -£1,728,000	-9.1% F		£68,892,000 -£1,691,000		£52,880,000 -£407,000	-23.2% R Loss both P		00	£75,900,000 -£1347,000	-22.8% Loss both
EPS	-8.50p	-4190p	-5.00p	Loss both E		-3.20p		130p	Loss to Profit El	S -8	Ор	-2.30p	Loss both
	Final - M ar 02	AIT Group	Final - Mar 03	Comparison	110	Interim - Jun 02	Computace	nter plc Interim - Jun 03	Comparison	Interim - Jur	Gresham Con	Interim - Jun 03	Comparison
REV	£36,224,000		£17,584,000	-51.5% F		£976,958,000	£1,930,135,000	£1,255,599,000	+28.5% R	EV £6,152,	00 £11,578,000	£4,870,000	-20.8%
PBT	-£9,272,000 -40.64p		-£41227,000 -306.00p	Loss both F		£24,405,000 8,60p	£55,081,000 19,80p	£32,020,000 11,60p	+312% P +34.9% El		00 £1,48,000 7p 2.45p	-£1,068,000 -2.24p	Profit to loss
		Alphameri			SEP 15		mputer Softv				Harrier Gr	oup plc	
REV	E27,373,000	Final - No v 02 £61,928,000	Interim - M ay 03 £27,254,000	Comparison -0.4% F	DEV	Final - Feb 02 £3,030,000		Final - Feb 03 £3,584,000	Comparison +18.3% R	Interim - Jur EV £5,721;	02 Final - Dec 02 06 £9,544,299	Interim - Jun 03 £4,254,722	Comparison -25.6%
PBT	£1,097,000	£2,486,000	-£2,704,000	Profit to loss F	PBT	-£1,633,000		-£1,399,000	Loss both P	BT -£1,074,	54 -£ 19,005,410	£12,812	Loss to profit
EPS	0.20p	0.00p	-2.50p	Profit to loss	EPS	-124p	D00 0	-0.97p	Loss both El	PS -3.			Loss to profit
D. CAT	Interim - Sep 02	Alterian Final - M ar 03	Interim - Sep 03	Comparison	end link	Interim - Jun 02	DCS Grot	Interim - Jun 03	Comparison	Interim - Jul C	Harvey Nash	Interim - Jul 03	Comparison
REV	£1,807,000	£4,784,000	£1,825,000	+1.0% F		£37,800,000	£69,800,000	£30,200,000	-20.1% R	EV £83,489,	00 £156,692,000	E64.317.000	-23.0%
PBT	-£4,485,000 -11,40p	-£5,966,000 -14,60p	-£2,449,000 -5,40p	Loss both F		-£7,700,000 -31,72p	-£14,200,000 -57.14p	-£4,000,000 -17.16p	Loss both P				Loss both
Carre		Anite Grou				7	Delcam	plc			ns Systems S	ervices Group	plc
REV	Final - A pr 02 £202.510.000		Final - Apr 03 £216,336,000	Comparison +6.8% F	DEV	Interim - Jun 02 £9 518 000	Final - Dec 02 £18.913.000	Interim - Jun 03 £9.816.000	Comparison +3.1% R	Final - M as EV £16,777,		Final - M ar 03 £11.096.000	Comparison
PBT	£5,764,000		-£112,480,000	Profit to loss F		£519,000	£1,071,000	£504,000	-2.9% P	BT -£298,		-£ 195,000	Loss both
EPS	-0.60p	A CONTRACTOR OF THE CONTRACTOR	-34.20p	Loss both E	EPS	6.10p	13.80p	6.40p	+4.9% EF			-1.00p	Loss both
D. L. Maria	Final - Jul 02	Argonaut G	Final - Jul 03	Comparison	Same	Final - M ar 02	Detica Gro	Final - Mar 03	Comparison	Interim - Jur	orizon Technol	Interim - Jun 03	Comparison
REV	£14,232,000		£5,317,000	-62.6% F		£32,841,000		£39,198,000	+19.4% R	EV £119,973	84 £202,110,294	£125,205,070	+4.4%
PBT	£2,763,000 2,87p		-£10,882,000 -11,20p	Profit to loss P		£5,928,000 20,80p		£7,437,000 24,10p	+25.5% P +15.9% ER				Loss to profit
Samuel Control	Au	tonomy Corpo	oration pic		Escal.	and the second s	Diagona	l plc			Host Euro	pe plc	
REV	Interim - Jun 02 £17.470.000	Final - Dec 02   £33,974,000	Interim - Jun - 03 £15,469,000	Comparison -11.5% F	DEV	Interim - M ay 02 £33,902,000	Final - No v 02 £63,618,000	Interim - M ay 03 £30,611,000	Comparison -9.7% R	Interim - Jun EV £6,488,0	02 Final - Dec 02 00 £13,708,000	Interim - Jun 03 £8,162,000	Comparison +25.8%
PBT	£3,156,000	£4,345,000	£2,229,000	-29.4% F	PBT	£1,607,000	-£2,254,000	£324,000	-79.8% P	BT -£269,	00 -£505,000	-£657,000	Loss both
EPS	2.66p	0.03p	124p	-53.4% E	EPS	0.77p	-4.56p	-0.27p	Profit to loss Ef	os -0.0			Loss both
	Final - M ar 02	Aveva Grou	Final - Mar 03	Comparison	and the	Final - Jun 02	Dicom Gro	Up pic Final - Jun 03	Comparison	Interim - Feb	Hot Grou	Interim - Feb 03	Comparison
REV	£31,818,000		£36,008,000	+13.2% F		£149,527,000		£156,432,000	44.6% R	EV	/a £2,831,000	£956,000	n/a
PBT	£4,938,000 19,48p		£5,580,000 2124p	+13.0% P +9.0% E	PBT	£3,521,000		£8,801,000 26,00p	+150.0% P1 +642.9% E1		/a -£4,710,000 /a -3124p	-£776,000 -2.52p	n/a n/a
NAME OF TAXABLE PARTY.		Axon Grou	The same of the sa	TAXABLE DE		ACCUPATION OF THE PARTY OF THE	Dimension I		CONTRACTOR OF THE PARTY OF THE		I-Document S		SOLD SALES
REV	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison	2514	Interim - M ar 02		Interim - Mar 03	Comparison -18.9% R	Interim - Apr	02 Final - Oct 02	Interim - Apr 03	Comparison
PBT	£21,348,000 £1,222,000	£43,112,000 £2,480,000	£24,616,000 £2,036,000	+15.3% F +66.6% P		£786,507,000 -£483,468,000	£1,489,600,000 -£1,756,500,000	£638,206,000 -£122,668,000	Loss both P				+64.2% Loss both
EPS	1.30p	2.70p	2.40p	+64.6% E	EPS	-37.38p	-155.60p	-9.10p	Loss both El		6p -1.11p	-0.33p	Loss both
22120	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison	II PU	Interim - Jul 02		ch Services   Interim - Jul 03	Comparison	Final - Jun	ICM Compute	Final - Jun 03	Comparison
REV	£22,065,000	£35,000,000	£9,660,000	-56.2% F		£6,749,000	£2,782,000	£7,759,000	+15.0% R	EV £68,871,0	00	£77,843,000	+13.0%
PBT	-£42,968,000 -85,10p	-£65,300,000 -125.20p	-£8,999,000 -18.80p	Loss both F	PBT	£761000	£1,776,000 3.68p	£892,000 187p	+17.2% P +20.6% El	BT £4,478,0		£3,673,000 12.30p	-18.0% -18.0%
-		International					Easyscree				nnovation Gro	CONTRACTOR OF THE PARTY AND ADDRESS OF THE PAR	
REV	Interim - Jun 02 £3,175,000	Final - Dec 02 £6,399,629	Interim - Jun 03 £3,370,000	Comparison +6.1% F	DEV	Final - M ar 02 £3,236,111		Final - M ar 03 £2,654,514	Comparison -18.0% R	Interim - M ar EV £62,426,0		Interim - M ar 03 £31,172,000	Comparison -50.1%
PBT	-£2,086,000	-£1,972,786	£155,000	Loss to Profit P	PBT	-£4,289,119		-£3,397,842	Loss both P	BT -£3,474,0	00 -£391,114,000	-£5,216,000	Loss both
EPS	-13.71p	-13.79p	0.64p	Loss to Profit E	PS	-9.34p	Elden	-5.60p	Loss both Ei	PS -3.			Loss both
District of the last	Final - M ar 02	Systems Gr	Final - Mar 03	Comparison	2350	Final - Jun 02	Eldos p	Final - Jun 03	Comparison	Final - Mar	InTechnol	Final - Mar 03	Comparison
REV	£24,224,000		£26,475,000	+9.3% F		£128,613,000		£169,048,000	+31.4% R	EV £158,108,0	00	£156,899,000	-8%
PBT	-£10,510,000 -12.84p		-£2,949,000 -3,44p	Loss both F		-£15,290,000 -11,10p		£17,354,000 13,70p	Loss to profit Pi		00 5p	-£6,675,000 -5.10p	Loss both
The same of		Capita Grou			220		onic Data Pr	ocessing plo			igent Environn		
REV	Interim - Jun 02 £391,222,000	Final - Dec 02   £897,504,000	Interim - Jun 03 £531,553,000	Comparison +35.9% R		Interim - M ar 02 £4,323,000	Final - Sep 02 £8,480,000	Interim - M ar 03 £4,527,000	Comparison +4.7% R	Interim - Jun EV £1,426,0	02 Final - Dec 02 00 £2,672,065	Interim - Jun 03 £1,886,000	Comparison +32.3%
PBT	£29,043,000	£78,069,000	£37,364,000	+28.7% P	PBT	-£414,000	-£1,394,000	£292,000	Loss to profit P	BT -£1,904,0	00 -£2,873,579	£66,000	Loss to profit
EPS	2.50p	Charteris	3.13p	+25.2% E	PS	-166p	-5.03p Impire Intere	118p	Loss to profit EF	°S -1	IQ-Ludori		Loss to profit
HE VA	Final - Jul 02	Chartens	Final - Jul 03	Comparison	TO DE	Final - Dec 01	mbu a more	Final - Dec 02	Comparison	Interim - Jun	02 Final - Dec 02	Interim - Jun 03	Comparison
REV	£19,087,000		£12,174,000 -£625,000	-36.2% R		£11,086,000		£25,054,000	+126.0% R	EV £1,980,7	79 £3,919,300	£1,289,900	-34.9%
PBT	£1,588,000 2,50p		-126p	Profit to loss P	PS	-£2,406,000 -3.95p		-£1,816,000 -2.72p	Loss both P				Loss both
	all property and the last	Chelford Gro		PART PROPERTY	1000	A MARCHARITA SANS	Epic Grau				ISOFT Gro	oup plc	
REV	Final - Dec 01 £7.813.000		Final - Dec 02 £7.298.000	Comparison -6.6% R	REV	Final - M ay 02 £7,227,000		Final - M ay 03 £8,750,000	Comparison +211% R	Final - Apr EV £60,102,0	02	Final - Apr 03 £91495.000	Comparison
PBT	-£1,048,000		-£1,025,000	loss both P	PBT	£835,000		£1,802,000	+115.8% P	BT £12,178,0	00	£18,880,000	+55.0%
EPS	-0.15p	Clarity Comm	-0.16p	loss both E	PS	3.10p	ink Managad	Services pla	+112.9% EF	PS 7.	I S Solutio	na nie	45.6%
Contact St.	Final - M ar 02	Zining Sommi	Final - Mar 03	Comparison	-	Final - Mar 02	nin managac	Final-Mar 03	Comparison	Interim - Jun	02 Final - Dec 02	Interim - Jun 03	Comparison
REV	£7,620,000 -£221,000		£7,263,000 £315,000	-4.7% R	REV	£9,226,000 £155,000		£9,152,000 £204,000	8% R	EV £3,621,0 BT -£879,0	00 £7,426,000 00 -£1,368,000	£3,236,000 £119,000	-10.6% Loss to profit
EPS	-2.5 to		184p	Loss to Profit E		0.47p		122p	+159.6% EF				Loss both
-		Ilnical Compi		STATE OF THE PARTY	400		Financial Ob		Maria de la Companya	SALAN CANADAS CANADAS	ITNET		Assessment !
REV	Interim - Jun 02 £117 000	Final - Dec 02 £2,391,565	Interim - Jun 03 £1,150,000	Comparison +3.0% R		Interim - Jun 02 £6,780,000	Final - Dec 02 £12,841,000	Interim - Jun 03 £5,663,000	Comparison -16.5% RI	Interim - Jun EV £85,547,0		Interim - Jun 03 £91,215,000	Comparison +6.6%
PBT	-£598,000	-£983,004	-£397,000	Loss both P	BT	-£1,103,000	-£2,839,000	-£1,175,000	Loss both Pi	BT £2,800,0	00 £7,336,000	£8,730,000	+211.8%
EPS	-2.40p	CMS Weby	-160p	Loss both E	PS	-2.37p	-6.72p Flomerics G	-4.44p	Loss both EF	s 0.4	7p 3.0 to Jasmin		+1502.1%
Section 1	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison	DEFINATION OF	Interim - Jun 02		Interim - Jun 03	Comparison	Final - Mar		Final - Mar 03	Comparison
REV	£583,000 -£345,000	£1,206,000 -£683,000	£905,000 -£116,000	455.2% R Loss both P	REV	£5,966,000 £110,000	£11,711,000 £635,000	£4,881,000 -£144,000	-18.2% RI	EV £7,099,0	00	£5,844,000 -£886,000	-17.7% Profit to loss
EPS	-0.63p	-1.12p	-0.17p	Loss both E		0.75p	3.23p	-0.98p	Profit to loss EF		7p	-20.22p	Profit to loss
		CODASciSy					us Solutions		STATE MEANS OF	K3 E	usiness Techn		plc
REV	Interim - Jun 02 £33,566,000	Final - Dec 02 £66,378,000	Interim - Jun 03 £34,223,000	Comparison +2.0% R	REV	Final - M ar 02 £5,073,000		Final - M ar 03 £6,583,000	Comparison +29.8% RI	Interim - Jun EV £3,944,0		Interim - Jun 03 £3,483,000	Comparison -11.7%
PBT	£2,869,000	£5,726,000	£1,319,000	-54.0% P	BT	-£2,590,000		-£3,833,000	Loss both Pi	BT -£49,0	00 £266,000	-£432,000	Loss both
EPS	6.90p	Comino Gro	3.10p	-55.1% E	PS	-10.30p	GB Grou	-13.40p	Loss both EF	·s -0.	Kewill Syst	-0.80p	Loss both
-	Final - M ar 02	Julianu Gro	Final - Mar 03	Comparison	-	Final- M ar 02	GD GIVE	Final-Mar 03	Comparison	Final - Mar	02	Final - Mar -03	Comparison
REV PBT	£20,560,000 -£576,000		£24,504,000 £1,209,000	+19.2% R Loss to Profit P		£17,189,000 -£2,260,000		£11,243,000 £813,000	-34.6% R	EV £48,144,0	00	£25,211,000 -£5,855,000	-47.6% Loss both
EPS	-3.80p		8.90p	Loss to Profit E	EPS	-2.20p		0.90p	Loss to profit EF		Op	-7.70p	Loss both
La constitution		pass Softwar	nterim - M my 03	Company	N-11-415	Interim Cab Ca	Gladston		Comparison	Interim - Jun	LogicaCI		ex estimated and the second
REV	Interim - M ay 02 £2,244,772	£4,829,562	£1,584,200	Comparison -29.4% F	REV	£4,020,569	£8,603,805	Interim - Feb 03 £3,796,125	-5.6% R	EV £944,900,0	00 £1,827,400,000		Comparison -9.6%
PBT	-£15,004 -0.71p	£398,649 1,59p	-£762,706 -5.19p	Loss both F		-£3,280,671 -9.74p	-£1,748,902 -4.53p	£50,315 0.12p	Loss to profit Pi	BT -£287,100,0		-£57,700,000 -7.10p	Loss both
	-0.1.0	1,000	0.00						to biolit El		100		

Part		Que	ted Co	mpanies	- Results	Service	Note: I	Highlighted 1	Names indic	ate results a	nnounced	this month.	
Column   C	La ser have					Andrew Street,	Patsystems	pic	Section and Section 2			ology plc	THE RELIGION OF
Company			Final - Dec 02 £62 137 000	E28 426 000	Comparison -119% REV	Interims - Jun 02 £4.118.000	Final - Dec 02 £8 337 000	Interims - Jun 03	Comparison +17.0% RE	Interim - M ar 02 V E9 744 000	Final - Sep 02 F16 724 000		
Part   Month   Color	PBT	-£2,799,000	-£51,446,000	-£726,000	Loss both PBT	-£5,133,000	-£9,061,000	-£1,512,000	Loss both PB	T -£2,842,000	-£11,140,000	-£7,516,000	Loss both
Part   1.00	EPS	-170p			Loss both EPS	-3.90p	Pilat Madia Gir		Loss both EP	S -150p			Loss both
Marcy Appl	1		Final - Nov 02	Interim - M ay 03	Comparison	Interim - Jun 02	Final - Dec 02	Interim - Jun 03					Comparison
First   1.00			£113,588,000	£44,503,000			£7,347,000						
Plant   Food   Plant   Food   Plant   Food   Plant													
First June 2	1000												NAME OF TAXABLE PARTY.
Part   Color				Final - Jun 03	Comparison			Final - Apr 03	Comparison		Final - Dec 02	Interim - Jun 03	
The content of the		£39,405,000			-17.8% REV								
Marshorough Stiffung   Company   C		-18.80p											
Fig. 1			anpower Sof			AMERICAN TO MINISTER	PSD Group		THE RESERVE OF THE PARTY OF THE	nd to usycondain storing		lc	
		Final - May 02		Final - May 03			Final - Dec 02	Interim - Jun 03	Comparison		Final - Dec 02	Interim - Jun 03	
Part   August   Part   Augus		£3,154,500		£3,560,541		£22,845,000		£18,449,000	-19.2% RE		£161,791,000	£92,310,000	+18.9%
Part   March   Part				-180p									
Comparison   Com										data data da dina da	Total System	ns plc	
Company   Comp					Comparison -7.7% REV	Interim - M ay 02		Interim - M ay 03					
Committee   Comm	PBT	£2,795,000	-£34,478,000	-£4,985,000	Profit to loss PBT	-£36,012,000	-£63,000,000	-£870,000	Loss both PB	T £1415.606		£596,643	-57.9%
First August	EPS	0.20p			Profit to loss EPS	-39.30p			Loss both EP		auchatona C		-56.4%
Part	No. of Lot	Final-Apr 02	MENAN	Final - Apr 03		Interim - May 02		Interim - May 03		Final - Mar 02	ouchatone G		Comparison
				£78,592,000	-9.7% REV	£13,421,000	£26,127,000	£11,527,000	-14,1% RE	V £14,187,000			
			Microgen	plc			Raft Internation	nal plc			Trace Grou	p plc	
		Interim - Jun 02	Final - Dec 02 1	Interim - Jun 03		Interim - Apr 02	Final - Oct 02	Interim - Apr 03		Final - May 02		Final - May 03	
Process   Proc							-E2.113.000	-£4,1/5,000 -£498,000					
Part   Company		-0.70p	-4.20p	-1.80p									
EACH   Control	100												
#4000000			Final - Aug 02	Interim - Feb 03		Interim - Jun 02	Final - Dec 02				Final - Jun 02		
Fig.   App   Comparison   Fig.   App   Com					Loss both PBT			£1,103,000	Loss both PB	T -£259,000			
Figure   May   Color   Figure   May   Color   Figure   Figure   Figure   May   Color   Figure   Figure   May   Color   Figure	EPS	-10.64p		THE RESIDENCE OF THE PARTY OF T	Loss both EPS	-0.69p		0.16p	Loss both EP	S -0.40p	-11.72p		Loss both
EVALUATION   1.00   1	10000	First May 02	Misysp			late day May 02		Designation of the Co.					
Ed.	REV												
More   Part   Computing pic   Comparison   Part   Comparison   P							-£5,9 H,000	-£1,820,000			£319,574		
Part	EPS		MAT Compre		+110.8% EPS	-11.20p			Loss both EP	S 1.40p			Profit to loss
Fig.   Comparison   Compariso	DOM: NO	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison	Interim - Jun 02			Comparison	Final - Mar 02	Triad Grou	Final - Mar 03	Comparison
Fig.   1,000	REV	£14,575,000	£27,472,000	£12,495,000	-14.3% REV	£29,315,000	£57,006,000	£27,857,000	-5.0% RE	V £41,567,000		£27,756,000	-33.2%
Monda   Pict   First   Apr   C2								£3,847,000				-£4,980,000	
First - Apr 02		-0.000							NAMES OF TAXABLE PARTY.	THE RESERVE OF THE PERSON NAMED IN	Tribal Grou		MARKET OF LAND SHAPE
Part		Final - Apr 02		Final-Apr 03	Comparison	Interim - Mar 02	Final - Sep 02	Interim - M ar 03	Comparison			Final - Mar 03	
Part		£3,741,673		£3,713,353	8% REV	£278,821,000	£551,731,000	£282,056,000	+1.2% RE			£105,659,000	+131.4%
International pictures   Final - Jun 02				-10.10p			6.99p	4.00p				5.50p	
REV   £495,000   £31943,000   £31948,000	100		Morse								Ultima Netw	orks plc	
Part   -	REV												
MSS   International   Comparison   Not   MSS   International   Comparison   Not   MSS							-£3,518,487	-£1004,000					
No.   Part   P	EPS	-6.10p			Loss both EPS				Loss both Ef	S 0.30p			-66.7%
First   Arg   By   Car   By   Car	100	Interior Jul 02			Comment					1 00			Comment
Part	REV		£84.062.000						+1.0% RE	EV £17.306.000			
Myratech.net Pic		n/a	-£421,000	£103,000	n/a PBT		-£555,000	-£1,146,000	Loss both Pi	T £232,000	£889,000	£206,000	-11.2%
Final - Dec 00	EPS	0.00p			n/a EPS				Loss both EF	S 0.55p			-9.1%
REV   E175,000   E2,000,000   E2,000,000   E22,883,92   E0,040,000   E22,883,92   E0,040,000   E27,88   EV   E175,000   E35,588,000   E27,88   EV   E175,000   E35,588,000   E27,88   EV   E175,000   E35,588,000	-	Final - Dec 00	myratecicii		Comparison	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison	Final - Anr 02	vega Grot		Comparison
First	REV	£1,713,000		£2,000,000	+16.8% REV	£10,698,000	£22,683,192	£10,404,000	-2.7% RE	V £35,572,000		£35,589,000	+0.0%
Ncjoher Pic													
Interim - Jun 02	District of the last	-6.00p	Nelpher	-	LOSS DOTH EF 3	4.000	Married Street, Street	The second secon	-97.0% EF	3 43.030	VI Groun		Eggs potti
PBT			Final - Dec 02	Interim - Jun 03	Comparison		Final - Dec 02	Interim -Jun 03	Comparison		Final - Dec 02	Interim - Jun 03	Comparison
Comparison   Com	REV			£7,107,000		£6,511,000		£5,123,000					+36.4%
Final - Jun 02			-2.69p	-171p			-19.40p	-6.90p			-0.74p	-0.78p	
REV   E8,079,000   E8,245,000   -4,285,000   -4,285,000   -2,285,000			NetBenef	it plc			Spring Grou				Warthog		
PBT	DEV												
Per							-£8.840.000						
Final - Jun 02	EPS	-6.90p		0.10p	Loss to profit EPS	-6.39p	-5.93p		Loss both EP	S 0.72p		-0.87p	
REV E6.944,000			Netstore					plc					
PBT	REV												
Northgate Information Solutions pic   Final - Apr 02   Final - Apr 03   Comparison	PBT				Loss both PBT			£1,318,000		T £15,000	-£1,061,000		+1286.7%
Final - Apr 02   Final - Apr 03   Comparison   Section 2   Final - Apr 03   Comparison   Final - Mar 04   Final - Mar 05   Final - Mar 05   Final - Mar 05   Final - Mar 07   Final - Mar 08   Final - Mar 09   Final - Mar	EPS		he lede			0.30p			+1600.0% EP				
REV E92,964,000	linear he		to imormatic			Interim - Ive C2	SIBIPTO GFOI	Interim - Iun 03	Comparison	Final - Mar 02	co Systems I	Final Marco	Companie
PBT £8,655,000	REV	£92,564,000		£85,215,000	-7.9% REV	£3,432,000	£7,229,000	£4,065,000	+18.4% RE	V £15,713,000		£14,241,000	-9.4%
NSB Retail Systems pic   SurfControl pic   Sur	PBT	£8,658,000		£28,109,000	+224.7% PBT	-£1,683,000	£2,373,000	-£78,000		T -£3,954,000		-£2,742,000	Loss both
Naterim - Jun 02	EPS		R Retall Co.		*200.0% EPS	-5.20p			Loss both EP	o -2.25p	Yanon		Loss both
REV 539,524,000 F73,599,000 F82,927,000 F83,927,000 F8		Interim - Jun 02	Final - Dec 02	Interim - Jun 03		Final - Jun 02	ou rount	Final - Jun 03			Adiisa	Final - Apr 03	Comparison
EPS -1049 -49.059 -3.889	REV	£39,524,000	£73,359,000	£32,907,000	-16.7% REV	£37,562,106		£46,209,392	+23.0% RE	V £515,100,000		£453,900,000	-11.9%
Comparison   Interim - Jun 02   Final - Dec 02   Interim - Jun 03   Comparison   Interim - Jun 03   Comparison   Interim - Jun 03   Comparison   Interim - Mar 03   Comparison   Final - Mar 04   Final - Mar 05   Comparison   Final - Mar 06   Final - Mar 07   Comparison   Final - Mar 07   Comparison   Final - Mar 08   Final - Mar 09   Final -	EPS			-3.68p									
REV £2575,78 £4,889,010 £27,2382 +53% REV £111,590,000 £21,1870,000 £11,5970,000 +0.7% REV £38,880,000 £43,827,000 ±169,780,700 ±169,79	The same	Manual Strate Section						olc	The second second		XKO Grou		all was the said
PBT 4: (1993):553   42.473.846   64.829   Loss to profit PBT   £1577,000   £0.532,000   £3.797,000   41.16% PBT   £4.938,000   £5.45,000   Loss both PBT   £1577,000   £0.532,000   £3.797,000   £3.334 EPS   £56.40p					Comparison	Interim - M ar 02		Interim - M ar 03					
EPS -2.00p -6.40p -0.10p Loss to profit EPS -0.30p -2.40p -160p -443.3% EPS -5.64p -2.90p Loss both Part IV Group pic -2.	PBT	-£1,093,353	£3,473,846	E64,829	Loss to profit PBT	£1,570,000	£6,532,000	£3,797,000	+141.8% PE	T -£14,938,000		-£545,000	Loss both
Interim - Jun 02         Final - Dec 02         Interim - Jun 03         Comparison         Interim - Jun 02         Final - Dec 02         Interim - Jun 03         Comparison         Interim - Jun 03         <	EPS	-2.00p			Loss to profit EPS		2.40p		4433.3% EP	s -56.40p	Ynortice Co		Loss both
REV 589,589,000 E83,273,000 E80,904,000 -82.94 REV 637,459,000 E74,631,000 E34,016,000 -9.24 REV £2,120,000 £4,602,000 £5,515,000 +15176, PBT £22,000,000 £2,4567,000 £1,000,000 Loss both PBT £16165,000 £3,100,000 £1,000,000 £2,100,000 £1,000,		Interim - Jun 02			Comparison	Interim - Jun 02		Interim - Jun 03	Comparison				Comparison
	REV	£98,958,000	£183,273,000	£80,904,000	-18.2% REV	£37,459,000	£74,631,000	£34,016,000	-9.2% RE	V £2,120,000	£4,602,000	£5,535,000	+161.1%
		-£820,000 -0.63p	-£24,567,000 cf 0.01-		Loss both EPS		3.70p						

	Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation									
		Share			PSR	S/ITS	Share price	Share price	Capitalisatio	
	SCS	Price 31-Oct-03	Capitalisation 31-Oct-03	Historic P/E	Ratio Cap./Rev.	Index 31-Oct-03	move since 30-Sep-03	% move in 2003	move since 30-Sep-03	
AFA Systems	SP	£0.18	£6.51m	Loss	1.08	146	-2.78%	-7.89%	-£0.18	
AIT Group	CS	£0.75	£34.10m	Loss	1.94	489	18.25%	112.86%	£5.28	
Alphameric	SP	£0.76	£88.10m	19.7	1.42	346	22.27%	48.04%	£15.94	
Alterian	SP	£0.60	£23.50m	Loss	4.92	300	-2.83%	62.16%	-£0.71	
Anite Group	CS	£0.48	£167.00m	Loss	0.77	281	7.87%	104.26%	£12.16	
Argonaut Games	SP	£0.09	£8.15m	Loss	1.53	89	30.77%	-51.43%	£1.82	
Autonomy Corporation	SP	£2.51	£278.80m	76.3	8.21	77	20.10%	43.43%	£46.57	
Aveva Group	SP	£5.10	£87.90m	25.8	2.44	2550	3.45%	44.27%	£2.90	
Axon Group	CS	£1.33	£68.90m	24.4	1.60	757	6.00%	132.46%	£3.82	
Baltimore Technologies	SP	£0.35	£18.80m	Loss	0.54	359	-5.41%	-22.22%	-£1.07	
Bond International	SP	£0.44	£6.38m	Loss	1.00	669	-3.33%	148.57%	-£0.22	
Business Systems	CS	£0.10	£7.89m	Loss	0.30	80	-2.56%	100.00%	-£0.2	
Capita Group	CS	£2.47	£1,646.00m	20.4	1.83	66837	0.51%	-0.10%	£10.50	
Charteris	CS	£0.24	£9.84m	Loss	0.81	261	17.50%	4.44%	£1.47	
Chelford Group	CS	£0.01	£5.13m	Loss	0.70	130	-25.00%	-99.30%	-£0.83	
Darity Commerce	SP	£0.72	£11.00m	39.1	1.58	572	0.00%	2.88%	20.03	
Dinical Computing	SP	£0.47	£14.80m	Loss	6.19	379	-6.00%	44.62%	-£0.93	
CMS Webview	CS	£0.05	£2.89m	Loss	4.96	379	51.43%	253.33%	£0.96	
CODASciSys (was Science Systems)	CS	£2.83	£71.80m	17.5	1.08	2190	-0.88%	15.31%	-£0.59	
Comino	SP	£2.10	£29.20m	18.0	1.19	1615	3.70%	64.71%	£1.0	
Compass Software	SP	£0.75	£8.86m	47.2	1.83	500	0.00%	13.64%	20.03	
Compel Group	R	£0.74	£23.00m	56.9	0.43	592	7.25%	-10.30%	£1.5	
Computacenter	R	£4.60	£866.20m	21.3	0.35	687	10.44%	64.29%	£81.9	
Computer Software Group	SP	£0.40	£12.50m	Loss	3.49	340	-5.88%	23.08%	-£0.78	
OCS Group	CS	£0.14	£3.44m	Loss	0.05	229	-11.29%	30.95%	-£0.4	
Delcam	SP	£1.71	£10.30m	12.4	0.54	658	0.00%	36.80%	£0.0	
Detica	CS	£5.39	£120.50m	20.5	3.07	1348	10.34%	50.56%	£11.3	
Diagonal	CS	£0.55	£49.20m	Loss	0.77	800	13.40%	7.84%	£5.8	
Dicom Group	R	£6.56	£136.50m	16.6	0.87	2011	1.71%	61.98%	£2.20	
Dimension Data	R	£0.33	£442.90m	Loss	0.20	59	26.92%	13.79%	£94.00	
DRS Data & Research	SP	£0.59	£19.90m	14.4	1.28	532	16.42%	95.00%	£2.80	
Easyscreen	SP	£0.21	£13.50m	Loss	5.09	124	16.67%	-16.00%	£2.6	
Eidos	SP	£1.56	£218.30m	11.0	1.29	7797	16.64%	23.81%	£31.1	
Electronic Data Processing	SP	£0.65	£16.00m	Loss	1.89	1990	-2.99%	66.67%	-£0.5	
Empire Interactive	SP	£0.10	£5.49m	Loss	0.22	158	-5.00%	26.67%	-£0.29	
Epic Group	CS	20.99	£25.80m	15.0	2.95	943	-23.26%	28.57%	-£7.79	
Eurolink Managed Services	CS	£0.28	£2.91m	229.5	0.32	280	0.00%	-18.84%	£0.00	
inancial Objects	SP	£0.35	£9.66m	Loss	0.75	152	-4.11%	-11.39%	-£0.37	
Flomerics Group	SP	£0.67	£9.81m	20.7	0.84	2577	-10.07%	-2.19%	-£1.09	
ocus Solutions Group	SP	£0.38	£10.80m	Loss	1.64	195	0.00%	162.07%	£0.10	
SB Group	SP	£0.22	£17.70m	14.8	1.57	144	12.66%	61.82%	£2.0	
Gladstone	SP	£0.13	£5.45m	Loss	0.31	313	4.17%	150.00%	£0.5	
Diotel	Α	£0.99	£37.30m	Loss	0.49	512	13.87%	84.11%	£4.50	
Gresham Computing	cs	£4.29	£208.80m	175.1	18.03	4613	20.34%	600.41%	£35.2	
larrier Group	CS	£0.20	£5.74m	Loss	0.60	156	8.11%	135.29%	£0.4	
farvey Nash Group	Α	£0.76	£43.40m	Loss	0.18	431	32.46%	115.71%	£11.4	
lighams Systems Services	Α	£0.13	£2.50m	Loss	0.23	354	-1.92%	50.00%	-£0.0	
forizon Technology	CS	£0.56	£37.80m	Loss	0.19	204	14.43%	170.73%	£4.8	
lost Europe	CS	£0.02	£16.50m	Loss	1.20	530	20.00%	7.14%	£0.8	
lot Group (was RexOnline)	CS	£0.19	£25.50m	Loss	9.01	226	2.70%	35.71%	£0.8	
S Solutions	CS	£0.11	£2.67m	Loss	0.36	401	-4.44%	86.96%	-£0.1	
CM Computer Group	cs	£2.28	£45.00m	Loss	0.58	1264	7.82%	24.66%	£3.2	
Document Systems	SP	£0.12	£17.70m	Loss	5.87	15	4.55%	-2.13%	8.03	
Technology	CS	£0.71	£98.20m	Loss	0.63	2840	3.65%	18.33%	£3.5	
nnovation Group	SP	£0.16	£68.30m	Loss	0.68	71	20.37%	41.30%	£12.4	
ntelligent Environments	SP	80.03	£11.30m	Loss	4.23	88	-2.94%	135.71%	-£0.4	
Q-Ludorum	SP	£0.02	£1.90m	Loss	0.48	32	50.00%	-12.73%	£0.6	
SOFT Group	SP	£3.40	£420.30m	30.7	4.59	3091	4.45%	32.81%	£17.9	
TNET	CS	£3.13	£229.00m	17.7	1.28	893	7.39%	62.34%	£15.7	
lasmin	SP	£0.77	£3.64m	Loss	0.62	513	-3.14%	-50.00%	-£0.1	
3 Business Technology	SP	£0.11	£5.61m	15.7	0.69	84	-10.20%	29.41%	-£0.6	
(ewill	SP	£0.62	£47.70m	Loss	1.89	1225	30.53%	153.06%	£11.1	
ogicaCMG	CS	£3.07	£2,301.00m	Loss	1.26	4204	28.45%	104.67%	£510.2	

	Но	Iway/SYS	TEMHOUSE	S/ITS Sh	are Price	s and C	apitalisat	ion	
		Share			PSR	S/ITS	Share price	Share price	Capitalisation
	scs	Price	Capitalisation	Historic	Ratio	Index	move since	% move	move since
	Cat	31-Oct-03	31-Oct-03	P/E	Cap./Rev.	31-Oct-03	30-Sep-03	in 2003	30-Sep-03
London Bridge Software	SP	£0.62	£105.10m	Loss	1.69	1538	9.82%	146.00%	£9.40n
Lorien	Α	£0.90	£16.10m	Loss	0.14	895	20.13%	27.86%	£2.26n
Macro 4	SP	£1.09	£22.60m	Loss	0.70	438	0.00%	138.46%	-£0.06n
Manpower SoftWare	SP	£0.24	£10.40m	Loss	2.92	242	-1.05%	176.47%	-£0.10n
Marlborough Stirling	SP	£0.53	£118.50m	Loss	0.98	375	19.32%	47.89%	£19.17n
MERANT	SP	£1.53	£160.50m	Loss	2.04	737	8.16%	80.47%	£12.12n
Microgen	CS	£0.46	£26.90m	Loss	1.06	197	4.55%	130.00%	£1.18r
Minorplanet Systems	SP	20.99	£81.90m	Loss	0.66	2022	-13.16%	-19.51%	-£11.95r
Misys	SP	£3.00	£1,674.00m	16.2	1.65	3732	6.19%	70.45%	£98.18r
MMT Computing	CS	£1.33 £0.38	£16.10m £9.80m	Loss	0.59 2.64	789	3.52%	48.88%	£0.52r
Mondas	R	£1.21	£156.90m	Loss	0.45	500	-11.76%	50.00%	-£1.28r
Morse MCD International	A	£0.77	£15.80m	Loss	0.45	482 405	-5.49%	-5.49%	-£8.22r
MSB International Myratech.net	cs	£0.03	£1.00m	Loss	0.19	26	1.99% 0.00%	41.28% 13.33%	£0.36r £0.00r
Ncipher	SP	£1.86	£47.00m	Loss	5.29	744	2.48%	204.92%	£1.14r
NetBenefit	CS	£0.45	£7.13m	34.8	1.14	223	-3.26%	263.27%	-£0.24
Netstore	CS	£0.37	£34.90m	Loss	2.79	245	-3.29%	90.91%	-£1.16
Northgate Information Solutions	CS	£0.44	£127.10m	25.6	1.55	170	15.69%	70.19%	£17.42i
NSB Retail Systems	SP	£0.14	£46.30m	Loss	0.63	1243	16.26%	97.24%	£6.48i
OnedickHR	SP	£0.13	£7.49m	Loss	1.60	325	0.00%	73.33%	£0.45
Parity	A	£0.13	£20.00m	Loss	0.11	2167	30.00%	-20.00%	£4.62
Patsystems	SP	£0.17	£24.80m	Loss	3.18	159		41.67%	£4.69
Pilat Media Gobal	SP	£0.37	£16.30m	411.1	2.22	1850	A PERSONAL PROPERTY OF THE PARTY OF THE PART	124.24%	-£1.10
Planit Holdings	SP	£0.26	£23.40m	Loss	1.15	1063		-3.77%	-£3.68
PSD Group	A	£2.59	£65.10m	123.3	1.47	1177	United the Control of	40.00%	£14.80
QA (was Skillsgroup)	CS	£0.07	£6.80m	Loss	0.21	33		31.82%	-£0.12
Quantica	A	£0.42	£17.00m	Loss	0.65	339		25.37%	£3.30
Raft International	SP	£0.17	£10.80m	Loss	1.62	262	1	450.00%	-£5.96
Retail Decisions	SP	£0.10	£29.70m	Loss	1.05	138	State and Later State of the	156.25%	£2.90
RM	SP	£1.39	£124.20m	Loss	0.61	3957		53.89%	-£9.45
Royalblue Group	SP	£4.47	£142.00m	13.6	2.49	2629	0.00%	90.21%	£0.00
Sage Group	SP	£1.87	£2,385.00m	24.9	4.32	71731	13.55%	40.23%	£284.25
SDL	CS	£0.74	£40.00m	Loss	0.69	493	0.00%	146.67%	£0.00
ServicePower	SP	£0.28	£15.60m	Loss	3.48	275	-8.33%	243.75%	-£1.40
Sirius Financial (was Policymaster)	SP	£0.95	£16.20m	14.6	0.71	633	8.57%	-13.64%	£1.30
Sopheon	SP	£0.16	£14.60m	Loss		234			
Spring Group	Α	£1.18	£177.90m	Loss		1311	The same of the sa	156.52%	-
Staffware	SP	£6.18	£89.60m	26.6	2.30	2744		160.00%	
StatPro Group	SP	£0.39	£12.80m	Loss		488			
SurfControl (was JSB)	SP	£7.55	£231.50m	64.8	5.01	3775		80.84%	
Synstar	CS	80.03	£109.70m	18.3	0.49	409	A STATE OF THE STA	15.38%	20
Systems Union (was Freecom)	SP	£1.17	£121.10m	30.4	1.62	896	· ·	60.69%	
Tadpole Technology	SP	£0.11	£27.50m	Loss				21.95%	
Telecity	CS	£0.15	£30.90m	Loss				369.23%	-1
Tikit Group	CS	£1.15	£13.80m	21.1				40.49%	
Torex Group	CS	£5.80	£319.70m	14.8			1		
Total Systems	SP	£0.53	£5.49m	12.5	AND DESCRIPTION OF THE PROPERTY OF THE PERSON OF THE PERSO	STATE OF THE PARTY		23.53%	
Touchstone Group	SP	20.98	£10.10m	10.7					
Trace Group	SP	£0.50	£7.59m	Loss					
Transeda	SP	£0.01	£0.70m	Loss					
Transware	CS	£0.04	£4.12m	12.1					
Triad Group	CS	£0.58 £3.67	£8.71m	Loss					
Tribal Group	R	£0.02	£242.50m	19.1 20.0					
Ultima Networks	SP	£0.32	£4.58m £13.40m	12.8					
Universe Group	CS	£1.18	£13.40m £21.70m	Loss					
Vega Group	SP	£0.14	£5.12m	Loss					
VI group Warthog	SP	£0.14	£7.23m	Loss					
	SP	£0.20	£8.18m	Loss					
Wealth Management Software	SP	£0.20	£16.70m	Loss					
Workplace Systems	CS		£403.00m	Loss					
Xansa (was F.I. Group) XKO Group	SP	£1.19	£22.30m	Loss					
Xpertise Group	52	£0.81	£22.30IN	LUSS	0.51	537	14.10%	120.55%	12.78



# ALL INDICES ON THE UP

After faltering last month, S/ITS share prices continued their rally during October, with the Ovum Holway S/ITS index gaining a further 5%. The FTSE100 was not far behind, picking up 4.8%, whilst the techMARK 100 and the FTSE SCS Index made significant gains, up 14.7% and 13.4% respectively.

At current course and speed, LogicaCMG looks set to re-enter the FTSE100 in December's quarterly reshuffe. Following the c28% increase in its share price, the company is ranked 89th, and if its stays above 90 it will join Sage - the only other S/ITS company left in the FTSE100.

Of the four S/ITS categories, it was the ITSAs that had the most to cheer about, outperforming the rest of the sector for the

31-Oct-03	S/ITS Index	4661.17				
	FTSE IT (SCS) II	ndex				553.88
	techMARK 100					1024.80
	FTSE 100					4287.60
	FTSE AIM					785.00
SCS Index + 1000 on 15th April 1989	FTSE SmallCap					2473.01
Changes in Indices	S/ITS Index Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/10/03 to 31/10/03)	+5.22%	+4.80%	+14.65%	+13.41%	+4.42%	
From 15th Apr 89	+366.12%	+108.78%				
Fmm 1st Jan 90	+406 59%	+81 52%				

						2410.01
Changes in Indices	SATS Index Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/10/03 to 31/10/03)	+5.22%	+4.80%	+14.65%	+13.41%	+4.42%	+5.01%
From 15th Apr 89	+366.12%	+108.78%				
From 1st Jan 90	+406.59%	+81.52%				
From 1stJan 91	+558.48%	+98.46%				
From 1st Jan 92	+346.10%	+71.98%				
From 1stJan 93	+192.49%	+50.63%				+78.25%
From 1st Jan 94	+179.18%	+25.43%				+32.34%
From 1stJan 95	+210.91%	+39.87%				+41.61%
From 1st Jan 96	+106.38%	+16.22%	+29.84%		-17.66%	+27.37%
From 1stJan 97	+74.09%	+4.11%	+12.04%		-19.58%	+13.28%
From 1st Jan 98	+53.58%	-16.51%	+7.42%	-44.61%	-20.87%	+6.91%
From 1st Jan 99	+18.26%	-27.11%	-29.62%	-61.70%	-2.07%	+19.42%
From 1stJan 00	-59.37%	-38.13%	-72.88%	-85.10%	-59.38%	-20.17%
From 1st Jan 01	-44.33%	-31.10%	-60.05%	-71.58%	-45.40%	-22.31%
From 1st Jan 02	-2.85%	-17.82%	-30.41%	-34.40%	-12.56%	-4.12%
From 1st Jan 03	+71.82%	+8.81%	+57.96%	+62.80%	+30.20%	+35.84%

End Oct 03	Move since	Move in Oct				
	1st Jan 99	1st Jan 00	1st Jan 01	1st Jan 02	1st Jan 03	03
System Houses	0.6%	-60.8%	-47.3%	-5.0%	89.2%	7.5%
IT Staff Agencies	-60.2%	-65.4%	-44.9%	-0.6%	49.6%	20.3%
Resellers	91.2%	-7.9%	21.8%	35.6%	83.4%	5.5%
Software Products	75.1%	-57.9%	-69.4%	-1.5%	63.2%	2.4%
Holway Internet Index	312.0%	49.9%	-26.3%	33.2%	103.5%	4.7%
Holway S/ITS Index	18.3%	-59.4%	-44.3%	-2.9%	71.9%	5.2%

second consecutive month, with a 20% increase. Both **Spring** (following news of the disposal of its loss-making IT training business), and **Harvey Nash** (following better than expected interim results) saw their share price rise by a third. Other ITSAs **Parity**, **PSD** and **Lorien** also enjoyed double-digit increases.

At the other end of the spectrum, profits warnings sent the share prices of a number of small cap players tumbling – Wealth Management Software fell c33% and Epic fell c23% during the month. Raft topped the fallers, dropping 35% - discussions regarding a possible take over of the company have ended.

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