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ovum HOLWAY

SYSTEMHOUSE

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

INDEPENDENT IT CONSULTANCIES - OFTEN SMALL, BUT INCREASINGLY IMPORTANT

Paul Spence, worldwide head of outsourcing at Capgemini, once famously defined the difference between consulting and system integration (SI) thus: *"If it ends in a PowerPoint presentation, it's consulting. If it ends in something actually being switched on, it's SI."* He was being cruel, but fair: the terms *"consulting"* and *"system integration"* get bandied around interchangeably, and they really shouldn't be. Consulting proper is about giving advice, while SI is about hands-on implementation.

Consulting is a more cyclical and risky market than SI. It relies heavily on discretionary spend, so it leads the way into recessions but limps along during the recovery. The consulting pipeline is often short, and even successful engagements don't necessarily lead to more work. Worse, the aim is to make the client independent! Although margins are often great when utilisation rates are high, they quickly plunge when rates go down.

So we're generally cautious about the prospects for the IT-related consulting market (we don't measure *"pure"* management consulting revenues), seeing it growing slower than SI this year and next, and never reaching more than 3.4% growth between now and 2008 (see chart). No surprise, then, that big specialists in consulting are generally private - PA Consulting, McKinsey, Bain, and so on. They've no need to show investors (and analysts) steady revenue and profit growth - how many people know that McKinsey UK made net losses in 2002 and 2003?

Nice niches

So shall we just think of IT consulting as a low-growth sub-set of project services that's seen its glory days? I think that would be short-sighted. We don't see the UK IT

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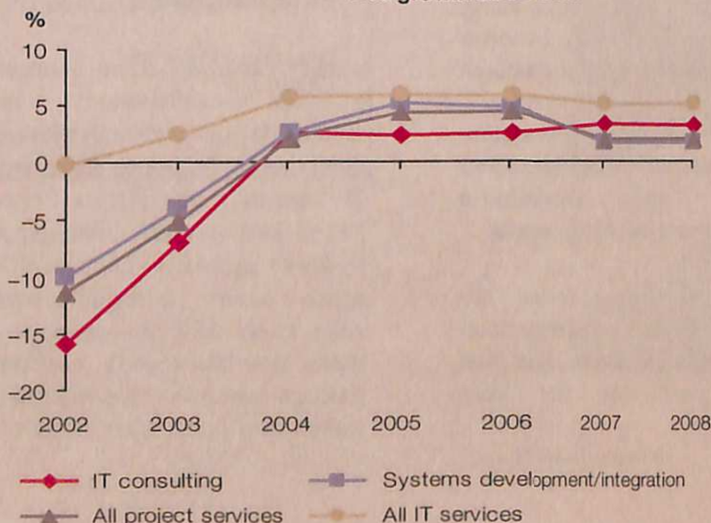
UK IT Services growth 2002-2008



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INDICES
(changes in March 05)

Holway S/ITS	-1.8%	5279
FTSE IT (SCS)	-2.3%	492
techMARK 100	-3.4%	1134
Nasdaq Comp	-2.5%	1999

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consulting market growing fast over the next two or three years, but we see some nice niches like the *"trusted adviser"* role (see below) that allow smart companies to generate market-beating growth.
Some of the companies in these niches will give the big guys a hard time, and will play an important role in influencing CIOs.

Figures coming in from some of the standalone consultancies (those with no outsourcing arm) have been surprisingly good recently. Methods Consulting reported revenues up 20% year-on-year to £18.7m in its H1 2005 ending 31 October 2004. Its operating (EBIT) margin was 9.2%, and pre-tax margin was 9.4% – these are impressive numbers. Cornwell Management Consultants, which only does high-end advisory work (Methods does SI as well), grew revenues in the year to 31 December by 28% to £17.7m. Operating (EBIT) margin was 6.8% and pre-tax margin was 7.1% – good ratios, considering Cornwell invested heavily in staff and infrastructure early in the year.

Okay, these are smallish companies, for whom double-digit growth should come naturally. They're guerrilla fighters who can choose where and when to fight, and they can pitch their *"A"* teams against the big vendors' *"B"* teams. So maybe they should be growing relatively fast. But we're also expecting PA Consulting – the grand-daddy of UK standalone consultancy – to report a return to low single-digit growth in 2004, accompanied by a big improvement in profitability. That's a big change from the previous two years of decline.

Isn't this just a natural post-recession revenue *"spike"* – a sudden and short-lived release of pent-up demand followed by a return to slow or no growth? Partly, yes. We see the IT consulting market growing in single digits, so anyone experiencing continued double-digit growth this year will be stealing market share. But there really is something happening out there.

Advice you can trust?

The most interesting and significant niche that's developing is the *"trusted adviser"* role. This means helping CxO level clients to assess and transform their IT strategy, and helping them to select and manage the SI and outsourcing companies to implement that strategy. The key differentiator here is not just the quality of consultants, although of course that's important. Rather, as outsourcers become more important to the CIO and CxO agenda, a new differentiator is developing – perceived independence.

Cornwell MD Jonathan Broadhurst argues (see page 15) that demand for independent advice is growing – not lessening – with the growth of outsourcing, and I think he's right. CIOs want help in selecting and then managing their outsourcer and/or SI provider. And as outsourcing contracts increasingly become complex ecosystems of suppliers (what we call *"multisourcing"*), rather than single-supplier affairs, the attraction of independent advice and programme management becomes greater.

Standalone consultancies are persuading clients that they need truly unbiased advice, and that they can't get this from companies that have product or outsourcing businesses to feed. They're therefore able to win consulting engagements against the big guys like IBM and Capgemini, even where these guys have privileged access to clients through their roles as outsourcers or as strategic technology providers (see *SystemHouse* December 2004, for our discussion of the transformational outsourcing client lock-in).

It also means that the independents can assume an influence out of proportion to their size. So while the independent IT consultancies are not going to take over the world, the larger players ignore them at their peril.
(Douglas Hayward)

> **"The key differentiator here is not just the quality of consultants, although of course that's important. Rather, as outsourcers become more important to the CIO and CxO agenda, a new differentiator is developing – perceived independence."**
>
> Douglas Hayward,
> Ovum

Holway Comment

Richard Holway

SMEs – opportunity or myth?

As an analyst you only have to count the press releases by topic area to get a good idea of what's hot and what's not. In 1999 it was difficult to remember a release without an 'e-' in the title somewhere. This year it would seem that everyone has discovered the SME/SMB (small to medium-sized enterprise/business).

Unfortunately, nobody can agree on a definition of an SME. The EU defines the 'M' bit as a company with 50-250 employees and the 'S' bit as less than 50 employees. Elsewhere in the world they seem to define an SME as having less than 1,000 employees with the 'S' bit less than 100. Using the latter definition there are about 80 million such enterprises globally with 99% of them with less than 100 employees.

Globally there are less than 50,000 enterprises employing more than 1,000. These large enterprises are about 0.05% of the total but are responsible for over 50% of IT spend. Put another way, SMEs are responsible for over 60% of the business revenues but only about 45% of the IT spend.

Because these larger companies are responsible for a disproportionately large share of IT spend, for all the 40 years I have been in IT, the largest IT companies – be they IBM or HP, EDS or CSC or SAP or Oracle – have targeted these large enterprises with their direct sales channels. They could only afford their high cost customer account model for such large enterprises. For the SME companies they could not afford to service directly, they 'invented' the VAR channel. For almost the whole of their existence, however, there has been channel conflict. A good example would be Computacenter and HP/Compaq who would now both like to deal with their major customers, like BT, directly.

However, whilst IT growth rates selling to the largest enterprises were 'double-digit', everyone was reasonably content.

But growth in IT spend to those largest enterprises has come to a shuddering halt. Indeed, it actually reduced in 2002 and 2003 and many are still telling us that they expect IT budgets to reduce year-on-year for the foreseeable future.

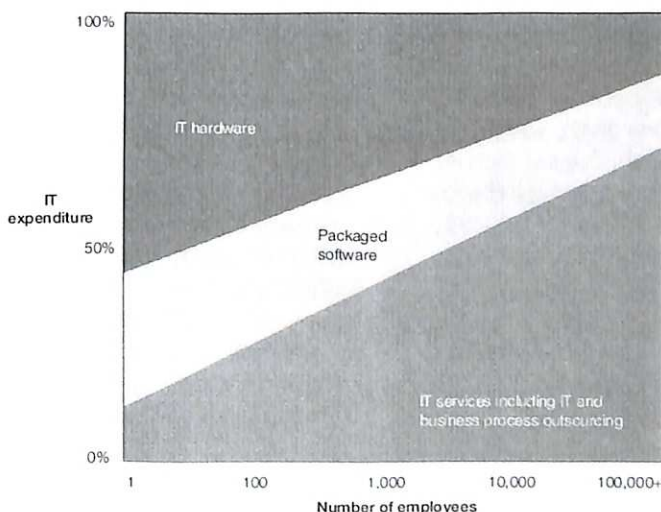
It seems to be a rather better story amongst the SMEs. Medium-sized enterprises, responsible for 20% of IT spend, are said to be growing their budgets at up to 10% per year and the very smallest businesses by around 14%.

Hence the sudden discovery of SMEs by most of the larger players. As an analyst I have been deluged by releases or invitations to presentations on how companies as diverse as BT, EDS and SAP are going to address this 'new opportunity'.

On the surface, the arguments look compelling but we ought to strike a note of caution.

The kind of IT services market which applies to the largest enterprises is pretty non-existent for the smallest enterprises. Bespoke project development, ITO and BPO are the preserve of

Proportion of IT spend by size of company



Source: Ovum estimates

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only the largest companies. The further you descend towards the smallest enterprises, the less IT services are bought in. At the very lowest level, DIY still persists. Services at this level are largely confined to desktop support and installation, application package support such as 'Sagecover' and web design. IT expenditure is mainly on bulk standard IT hardware from the likes of Dell and software products from Microsoft.

There ought to be a huge market opportunity to offer outsourcing services to SMEs and, indeed, we have often heard of people's ambitions to crack that sector. But the number of players here is still very small. Digica is one UK company that has been addressing the SME outsourcing market for years...and its revenues are still only c£22 million. Finding a model where the user can afford to pay and the suppler can still make a profit seems as elusive as ever.

There are, of course, some very big suppliers to the SME market already. Sage ought to be a good bellwether for the 'S' part of the sector. If so, Sage's recent results, reporting 6% organic growth, are hardly exciting. Microsoft is the largest supplier of all into the sector. But its 4% forecast growth for 2005 hardly supports the euphoria either. Dell, with its direct model, has been a particular favourite of the SMEs wishing to by-pass the VAR. Dell has recently moved into services, which now accounts fo$4 billion or less than 10% of revenues. But most of the contracts it has won here are in companies far removed from the typical SME – like the recent multi-million dollar IT services contract from Phillips Electronics.

Services to smaller companies have to be packaged in order to work. Mike Norris, CEO at Computacenter, is another person who wants to exploit the SME opportunity but told us that he wouldn't be offering anything to an SME that he 'couldn't put a barcode on'. PC World has moved to the 'fixed-price PC Health clinic' model which seems well aligned to users' desire to know what costs they are letting themselves in for.

The model that really ought to be attractive to SMEs is the ASP model. But, try as companies like Sage have, it just hasn't taken off....yet. Paul Walker at Sage puts this in part down to the owner-manager obsession with keeping his books away from the prying eyes of 'the powers that be'. Afterall many still take their books home each night. Persuading them that they can trust a remote server will indeed be a challenge! We have been caught out before with too optimistic forecasts for the take up of the ASP model. It will eventually happen, but more slowly than everyone expects.

What about today's VARs? It really is becoming increasingly difficult to make a decent living as a VAR as both unit prices and margins are eroded. Every year the largest number of IT-related company failures are in the VAR channel, and it seems to be getting worse.

On the other hand, one of the better places to be is owning the IPR to a vertical-specific product for SMEs. Anything from hotels and restaurants or professionals like vets, accountants or surveyors. It not only plays to these users' requirements for a turnkey solution, but also, once installed, users rarely move. So the ongoing support, maintenance and upgrade revenues can become an annuity for ever! Most such companies, in existence for more than ten years, would now be making 70%+ of their revenues from their existing base. This, of course, is the reason why they make such attractive acquisition targets and consolidation targets. Regent Associates found that, in 2004, vertically oriented system houses/VARs with their own IPRs were not only in the greatest demand but achieved the amongst the highest valuations metrics.

Conclusion

Any company used to servicing the largest enterprises is going be in for some nasty surprises if it expects to move that model unchanged into the SME space. Sure there is great opportunity lower down the size scale. But the model has to be quite different. The market size and growth rates may look very attractive but making profits from the sector will be hugely more difficult.

And, far from being virgin territory, it is already crowded and, with the number of new entrants moving down 'from above', is likely to get even more so in the future.

(Richard Holway)

INDIA COULD BE THE FUTURE FOR FINANCIAL OBJECTS

We had a chat with Roger Foster, chairman of **Financial Objects**, to find out what prospects his company now has, considering its annual results have revealed ongoing revenue decline and poor (though improving) profitability.

The banking technology company reported revenue down by almost 9% to £9.5m, in its year to 31 December 2004 – a marked improvement on the 19% decline in the first half. Operating losses reduced to £130k from £3m last year, while losses before tax were £45k, an improvement on the £12m loss last year, and the diluted loss per share was 0.16p (2003: loss of 43.96p).

Although the company was boasting of its £317k profit before £362k of exceptional costs (associated with its restructuring and downscaling), the markets were clearly not impressed. Financial Objects shares had fallen 29% to 45p by 25 March, a week after the results were released.

Comment: Foster is confident that 2004 was the nadir of Financial Objects' revenue decline, and we are inclined to believe him. The company is almost entirely focusing on existing clients, which Foster claims are now *"dusting off the projects that have sat on the shelves for the past few years"*. Foster anticipates *"high single-digit"* growth for 2005 based on this trend.

An important factor is that Financial Objects is now in the position to take advantage of its maturing low-cost Indian development centre, which it set up in Bangalore at the end of 2003. Although the initial benefit of this operation is in reducing ongoing development costs, the longer-term opportunity is significant in terms of broadening not only services but also the company's product portfolio. For example, according to Foster a whole new range of client projects have now come into Financial Objects' reach due to the reduced cost of delivery enabled by the offshore centre.

Developing this type of offshore development services business will be crucial to Financial Objects in the longer term, particularly as revenue from both of its products – activebank and IBIS – is declining (although the release of an upgraded version of IBIS should result in some growth this year). Managing the transition will be tough, but worth it given that, for its size, Financial Objects has set up in India early.

The company's nascent partner network is also a core focus in 2005, particularly in terms of new client wins. Two significant wins have already come out of this network, which includes Siemens Business Services in Europe, EDB in Scandinavia, and Vanda in Asia. But the prolonged sales cycles through these channels mean that not much new revenue can be expected from them in 2005. Nevertheless the company is expecting to sign up new partners this year – balancing the evolving business strategy with the roles of the partners will be the trick.

(Samad Masood)

PSD BACK IN PROFITS FOR FY04

Recruitment company, **PSD Group**, has made a return to profitability for the year ended 31 December 2004. On Group turnover that increased 16% to £43.7m, the company moved from an operating loss of £505k to a profit of £1.8m, including a £200k contribution from acquisitions (ie Portfolio). PBT increased massively from £333k to £2.8m. Fully diluted EPS was 7.2p from a loss of 1.2p.

At £8.3m, the company's technology staffing division accounts for 32% of total net fee income (ie, gross profits). The UK accounts for £5.3m of this, an improvement of 10% over FY03.

Comment: After falling into what seemed like a bottomless post-2000, PSD has made a very gradual return to profitability. Over the past four years, net fee income (£25.3m in FY04) has more than halved while profits, which were £20m in 2000, vanished in 2002 and now register just £1.8m. ITSAs have had a real tough time of it, but many, including PSD, have had a good 2004. But let's not over do it. While, PSD's software division did *"quite well"* (globally), core technology areas

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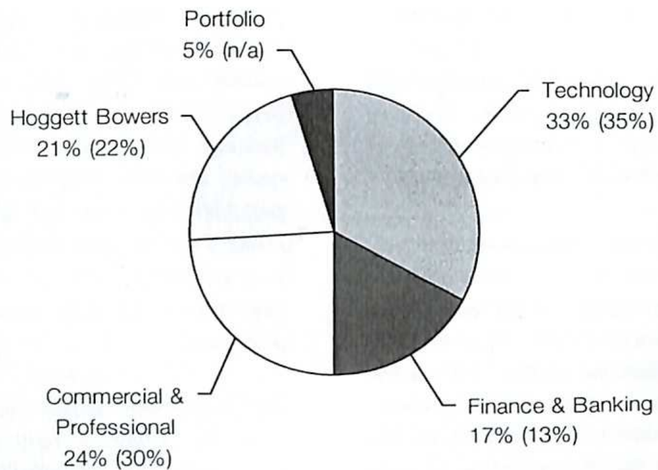
such as communications and electronics *"did not see a return to real activity"*. PSD's return to profitability is certainly not a signal that it is heading for the heights of a few years back.

Going forward, we'd like to see PSD leverage the Portfolio acquisition by creating cross-sell opportunities between the PSD technology division and what are typically leisure and hospitality accounts within Portfolio. Additionally, we wouldn't be at all surprised if the company made another acquisition, this time specifically in the technology sector. It is unlikely, however, to find something that fits as well and is as low risk as Portfolio.
(Kate Hanaghan)

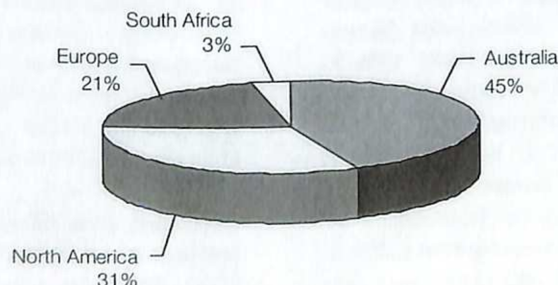


RETAIL DECISIONS CONFIRMS "SUCCESSFUL" 2004

Supplier of payment card fraud prevention systems and transaction processing, **Retail Decisions**, announced its results for the year to end December 2004. Total revenues were up 5% to £31.7m, with organic growth at constant exchange rates reaching 10%. As predicted in the company's trading update back in October, profit expectations were exceeded. Operating profits before goodwill amortisation and impairment hit £7.4m, up 24% on 2003. PBT was up 74% to £5.1m. Diluted EPS was 1.04p, compared to 0.50p in 2003.

Comment: This is another very respectable set of results from Retail Decisions (ReD). Chief Executive Carl Clump is right to describe 2004 as *"a very successful year"* for the company. ReD is showing the benefit of sticking to its niche positions around card payments and fraud prevention. The success of the Australian fuel card business is crucial – it now accounts for 44% of revenues and grew by 30% during the year. Meanwhile the more geographically-spread fraud prevention and processing business showed 11% underlying growth. The US consulting business had a tougher time. It saw flat revenues, and made a slight loss.

ReD is now in a strong position for further expansion. The basis of this strength is the focus on profitability. While growing the topline, the company managed to trim operating costs by 4% in 2004, a reflection of its ongoing efforts to implement cost savings. So we can expect to see ReD further extend its geographic footprint in the year to come, as well as continuing to build out its offerings within its chosen niche areas. *(Phil Codling)*



RAMESYS: DIVERSE PERFORMANCE IN FIRST HALF

Ramesys, a private software and IT services firm focused on various industry verticals including education and retail, has revealed its results for the six months to the end of November 2004. The accounts show revenue was 3.2% down on the same period in FY04 at £27.96m. Operating margins also slipped slightly to 6.9% (H1 2004: 7.2%) as group operating profits dipped by 6.6% to £1.9m.

The Group results disguise some wide variations in performance between the various vertically focused business units. By far the largest part (44%) of Ramesys' revenues is derived from the UK education market. Its Education & Commercial business unit grew revenues by 2.3% to £12.3m in H105 and operating profits increased by 23% to £1.1m – in other words operating margins increased from 7.4% to 8.9%. Ramesys is currently joint 5th in Ovum's rankings for the UK education S/ITS market behind Fujitsu Services but it is facing some stiff competition from market leader RM, which managed to grow its S/ITS revenues from the sector by over 20% last year.

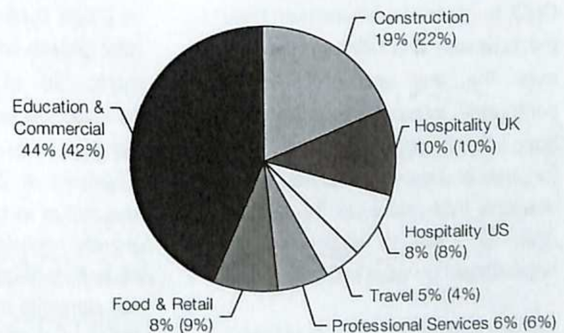
The second biggest chunk of Ramesys' business is Construction Services, which brought in 19% of total revenues in H105. Here Ramesys was finding it harder going as it 'migrated' its SME customer base from a legacy product and tried to gain traction for its new Summit Enterprise software with larger contractors. Revenues from construction fell by almost 17% to £5.3m in H105 and operating profits slumped by 81% to £171k.

Of Ramesys' other business lines, Travel was a notable success reporting 18% growth in revenues over H1 2004 to £1.3m and 95% growth in operating profit to £296k, a 23% operating margin. The UK Hospitality business also reported a dramatic improvement in profitability. Operating margins for the business line more than doubled to 8% as revenues grew by 5% to £2.9m.

Despite some significant project wins with Asda, Tesco and Somerfield, the Food and Retail division of Ramesys saw revenues slip by 15% to £2.2m during the period and operating profits fell by 42% to £304k – that's still a respectable 13.8% operating margin, mind you. And the recent 'Sudan 1' food scare has shown how useful software like Ramesys' can be for quickly tracing products through the supply chain. In the longer term we think Ramesys stands a good chance of growing this business substantially. The Nottingham-based company is currently working on business development opportunities in the Australian, US and Canadian retail markets. *(Tola Sargeant)*

Ramesys Holdings Ltd

H1 2005: Total Rev. = £27.9m (H1 2004 = £28.9m)



2E2 ESCAPES TO PROFITABILITY

Support and network services provider, **2e2 Group** has released its full year results for the period ended 31 December 2004. Revenues increased almost 300% to £62.2m, with c£19m coming through acquisitions. The company managed to shake off last year's operating losses of £797k and has moved into profits of £5m, generating margins of 8%. Last year's £3.3m pre tax losses have been transformed into a PBT of £1.5m.

Of the company's four divisions, its support services operation is its largest. During the period, it accounted for 45% of Group revenues and 41% of operating profits. 2e2's other dominant division is network services, which accounts for 31% of revenues and 28% of operating profits.

During the year, the company added Prime Business Solutions to its network services business. 2e2 also inked a significant deal with PinkRoccade UK (recently

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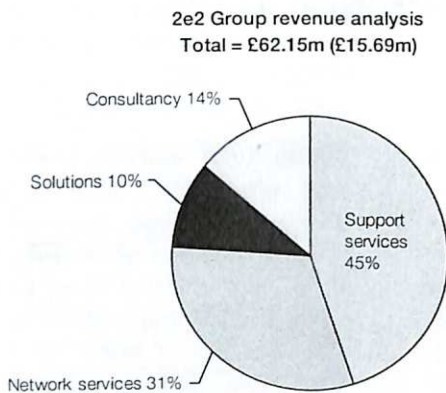


acquired by Getronics) to provide maintenance services to PinkRoccade's customers. The five-year deal is worth £11m to 2e2 in the first year.

Chairman, Richard Connell, said that trading for FY05 had begun *"strongly"* and expected growth throughout the year to come from further acquisitions and *"increased scale and complementary services to the Group"*.

Comment: We met with Terry Burt, CEO, to get the inside track on how the business has been performing over the last year. We were particularly interested to find out how well it is managing to pull together and leverage the handful of divisions that make up the group. And, we have to say, we were encouraged by what we heard.

Since the company acquired Prime Business Solutions (in April 2004), the group's increased scale has enabled it to secure larger contracts. The £11m pa deal with PinkRoccade (which sees 2e2 supply maintenance services to all PR's UK customers) is a good example of this. But while the combined PinkRoccade/2e2 operation brings economies of scale, the number of pure maintenance contracts is reducing – a trend that is apparent industry-wide. Instead, these maintenance services are increasingly bundled into managed services contracts. Indeed, 2e2 claims to have 20+ managed services contracts in place. Suppliers can often drive increased profitability through these types of deals by optimising the way the services are delivered. The other good news is that 2e2's ambition to cross-sell between the business units is showing signs of progress. Since the Prime acquisition, it has notched up £2m of business via cross selling. This strategy will be key to its success going forward.

We must, however, keep the impressive FY04 numbers in perspective. 2004 was a year of turnaround for 2e2 and a period in which it got its house in order, and it has no doubt been a hard slog. The current financial year is not going to be easy either – though 2e2 is by no means alone here. Our view of the support services market (and remember almost half of 2e2's business is here) is that total growth will be around the 3% mark. So alongside efforts to optimise the way its divisions work together, we wouldn't be at all surprised if 2e2 made another acquisition in order to maintain its growth momentum. Furthermore, we believe the company has some real potential to take advantage of the undoubted growing acceptance of managed services.

2e2's acquisition of XKO division

Having announced its full year numbers, 2e2 Group then went on to announce its acquisition of the Government and Financial Services division of XKO Group for £13.25m in cash. The division comprises two trading units based in the Channel Islands (Jersey and Guernsey) and the Isle of Man and is focused on the provision of network and managed services solutions. For the year to end March 2004, the division generated operating margins of 8.3% on revenues of £20.5m – almost exactly the same as 2e2's margin performance for FY05 (8.0%). XKO will use the proceeds of the sale to pay down £4.5m of debt and fund future acquisitions of its own.

For XKO, this deal is about refining its focus on software, while for 2e2, the benefits are two-fold. Firstly, it gains access to some new financial services customers, who will clearly have needs outside of the Channel Islands and the Isle of Man. Secondly, 2e2 gains some business continuity expertise – an important asset for any supplier of managed services (as demonstrated by the recent acquisition of NDR by Phoenix IT).

However, we would add that the ultimate value of these *"benefits"* will be dependent upon just how well 2e2 can leverage the acquired relationships to create further business on mainland UK. The scenario is, in a way, similar to its ongoing strategy to leverage the customer relationships across the group's existing companies. As we mentioned above, the indications here are that in FY04 it achieved *"cross-sell"* revenues of c£2m. This is a promising sign, but we'll be watching closely to see just how well the management team handle the new additions.

2e2 has previously hinted that it had an interest in creating some BC capability. However, recovery facilities in, for instance, Guernsey, aren't much use for a customer based in, let's say, Basildon. 2e2 will, however, gain in-house expertise, which it could put to good use should it decide to make further BC-oriented acquisitions, or even if it decides to grow organically. We suspect its future strategy will be a mix of the two. Interesting times lie ahead for this active support services company.
(Kate Hanaghan)

HAYS GROWS HALF-YEAR REVENUES BY 21%

Hays plc, the recruitment services company, has released its figures for the six months to 31 December 2004. Including discontinued operations total revenue over the period fell by 34% to £843.3m. But revenue for continuing operations grew by 21% to £800.7m.

Operating profit before goodwill amortisation fell 2.5% to £90.3m – probably as a result of the company's continued investment in recruitment consultants and the creation of nine new offices in the UK and six more internationally. However, the net fee margin fell by a percentage point to 28%, which would also have had an effect. Profit before tax was stable at £86.4m, and a reduced tax burden boosted profits at the bottom line, resulting in diluted earnings per share up 60% to 3.32p.

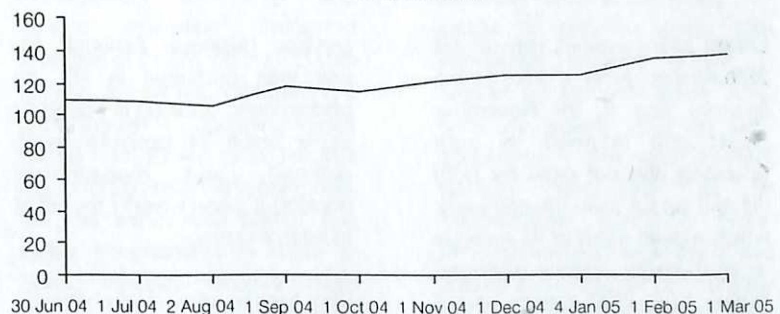
Comment: Hays' top line revenue figures are still being skewed by the effects of its restructuring – the last part of which was the de-merger of postal services company DX Services in November 2004.

The underlying recruitment business is showing strong growth – Hays' UK operations grew net fees by 18% year-on-year – and despite profit falling slightly, operating margins have grown to 10% from 7% due to the reduced revenue. Another positive sign is that net cash inflow from operating activities has more than doubled to £67.4m.

This first six months are proving the strategy behind Hays' restructuring. The company is undoubtedly stronger and more in control of its finances as a standalone recruiter. Yet Hays still does not lead the pack in terms of the UK market. Several UK ITSAs have told us that they expect even more growth, and our forecasts show companies such as Spring growing 37% at the gross revenue level for the year to end of December. Another UK ITSA, Computer People could grow by 28% over the 2005 calendar year. Nevertheless, Hays has never been in a better position to compete.

(Samad Masood)

Hays share price growth since year ended 30 June 2004



ATOS ORIGIN UK LEADS THE WAY AS THE GROUP GROWS PROFITABILITY

Atos Origin has reported its first full-year results since the acquisition of the Sema operation from Schlumberger. In the UK, revenues rose a very respectable 7.9% in pro-forma terms (5.8% organically) to euro1.222bn, a much better result than the company-wide drop of 1.9% pro-forma. Taking an average exchange rate for the year gives UK revenues of some £830m, slightly above our previous estimate of £822m. Operating margin rose to 9.6% (from 7.9% in 2003), the second-highest in the group (after the Netherlands), overtaking operating profit in the French home market.

Worldwide, although revenues were down 1.9% in pro-forma terms, they were up 1% after taking into account currency effects and disposals. Profitability grew impressively, with operating margin up to 7.3% (from 5.9% in 2003). Net debt fell from euro698m to euro491m, with a further reduction planned this year to euro350m, excluding effects of disposals. Atos Origin said it expects to achieve worldwide organic, constant-currency growth of at least 5% in 2005, and operating profit of 7.5% to 8%.

A rough calculation puts Atos Consulting UK at about £122m in 2004, up 10% on 2003, with the company's UK SI (systems integration) revenues at about

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£250m and managed operations (i.e. outsourcing) at about £455m.

Atos Origin also announced the renewal of its BPO mega-deal with the Department for Work and Pensions (DWP), billed as its largest-ever UK deal. It's worth more than £500m over seven years (with a possible additional five years, taking the total to a possible £850m) and is a competitive renewal of a contract first signed in 1998. Atos will provide both technology and process transformation, and will run processes such as staff recruitment, training and career development.

Comment: This is a good result for Atos Origin UK. It has clearly done a good job of integrating the Sema acquisition in the UK, where the two had complementary strengths – Sema being strong in outsourcing and SI, and Atos strong in consulting. Atos Origin is demonstrably good at acquisitions, and this one looks well executed.

Last year, we said one of its top priorities was to win a big mega-deal. The DWP deal is indeed fairly mega, but it's a renewal of an existing relationship, so nice try, guys, and good work, but no cigar. Overall, Atos Origin has done a good job of restructuring itself over the last year. It successfully turned around a potentially hairy situation in consulting, to the point where the division is looking very strong. It is emphasising to staff the importance of consulting working closely with SI and outsourcing, which is absolutely the right move. Its vertical/service line matrix looks good, too.

More than ever, Atos Origin appears as the IT services company in Europe with a formidable expertise in acquiring competitors and integrating them. Atos looks a very healthy competitor.

(Douglas Hayward)

LORIEN REPORTS A PROFITABLE 2004 – BUT SEES SLOWING GROWTH AHEAD

Lorien saw revenues rise almost 30% to just under £123m in the financial year to 28 November 2004, and returned to both operating and net profit for both H1 and the full year. The company, which makes most of its revenue as an IT staffing agency, managed a slim 1.2% EBIT margin and a 0.9% pre-tax margin (versus margins of -0.8% and -0.7% respectively in 2003). Net margin was 1%. Return on net fee income declined slightly.

Turnover in the core IT resourcing division rose 34% during the year to £105m, although growth *"moderated"* over the second half. Margins in the division were down very slightly due to changes in business mix. Most of Lorien's revenues come from the IT contract market, where sales rose a whopping 33% to just under £103m. Net fee income in the division (Lorien's revenues after its contractors are paid) was up 10.7% to £11.2m.

Lorien said that it has closed down Resolution, its struggling project-services business. Although the unit was profitable in H1, its performance declined in H2 partly as a result of projects begin deferred, and management decided it wasn't worth the effort to keep it going.

Bert Morris, executive chairman, said he remains *"positive"* about the group's outlook, with order levels higher than last year. But FD Chris Hinton warned that he sees growth slowing substantially in 2005; probably going down to single digits. Hinton added that he'd like to see operating margin up to about 2% or 3%. Lorien is in talks that may lead to a takeover by another player, but the company has not named its suitor.

Comment: Hinton's cautious forecast for 2005 confirms our theory that the rampant revenue growth of 2004 was essentially a spike, produced by a sudden release of pent-up demand in general. Now we're back to reality. Overall, we think Lorien is doing the right things. It's right to talk seriously with a potential acquirer, and it's right to bite the bullet with Resolution, we were never keen on the move into project services.

What could it do more of? Well, there's recruitment process outsourcing (RPO) – we see Lorien as more of a follower than a leader in value-added services in the IT recruitment space, especially in RPO. Progress in Specialist Services (including market research, high-end printing, training and engineering consultancy) was disappointing in 2004, but Lorien is pushing ahead with investments here in the hope that they will pay off.

The printing business, in particular, is capital-intensive and has a very small range of customers. Lorien is in a bind: it can sell now at a mediocre price, or gamble on widening the customer base and getting a better price. It's chosen the latter, which is fair enough. Lorien must decide which business it's in – it's just the timing of the exit that's the issue.

(Douglas Hayward)

SPRING: PROFITS BOUNCE BACK

Spring, the UK's largest IT staff agency, has released its results for the full year ended 31 December 2004. Revenue grew 32% to £476.4m (or 37% excluding £11.8m of discontinued business from 2003). Operating profit from continuing operations before exceptional items and goodwill was £9.0m, compared to £1.9m in 2003, while profit before tax came in at £5.8m, compared to an £18.9m loss in the previous year. Diluted earnings per share were 6.8p compared to a 12.92p loss per share in 2003.

Our main interest is in Spring Technology Staffing Services (STSS), which increased turnover by 43% in 2004 to £415.7m, and operating profit by 134% to £11m. Within STSS, the highlights were as follows:

- Corporate Accounts, which provides contract technology and telecoms staff to Spring's major corporate and public sector clients, increased revenues by 41% to £295.6m and doubled operating profit to £6.5m – a 2.1% operating margin
- Contract Services increased revenues by 43% to £56.9m and more than doubled operating profits to £2.1m (2003: £0.9m) – a 3.7% operating margin
- Recruitment Services, the permanent technology recruitment business, more than doubled its revenues to £10.2m (2003: £4.6m). Operating profits were £0.7m, compared to a £0.7m loss in 2003, giving the division a 6.8% operating margin
- Triage, which focuses on the provision of highly skilled IT and telecoms specialists, increased revenues by 48% to £42.2m and moved into profit at the operating level (£0.8m operating profit, compared to a £0.1m loss in 2003)
- Spring IT Solutions increased revenues by 25% to £10.6m but operating profits declined slightly to £0.9m (2003: £1.3m) as a result of investment in new services. This division has the highest operating margins of all those in STSS at 8.5%. It is making good progress with its Employed Consultant Model and is winning business, particularly in software testing.

Outside STSS, Spring Personnel increased revenues by just 4.8% to £59.2m, but operating profits increased by 23% to £2.7m.

Hy-phen, Spring's *"workforce management technology and service operation"*, reported revenues of £1.5m, up from £0.5m in 2003. It's still not quite making a profit though – operating losses halved from £1.4m to £0.7m (but were just £0.2m in the second half). But, as we've said before, this belies Hy-phen's true value to Spring. Hy-phen generated more than £150m in staffing revenue for Spring in 2004 and enables the Group to manage more than £500m of client expenditure in recruitment process outsourcing style contracts.

Commenting on the IT recruitment market, Richard Barfield, CEO, said the resurgence of demand for IT professionals after three years of decline was mainly due to the resurrection of projects delayed during the economic downturn. In addition, he said Spring had seen a significant increase in new IT projects, major integration projects arising from increased M&A activity, and investment in specific areas such as security, telecoms, storage and the integration of the Internet into core business practices. Barfield expects these trends to continue into 2005 and said Spring has started the year on a positive note.

Current consensus estimates for Spring's 2005 performance suggest the Group will deliver revenues of c£520m (9% growth) and pre-tax profits of around £11m (90% growth).

Spring also announced the appointment of Andrew Pinder, who served as the Government's e-Envoy from 2000 until 2004, as a non-executive director.

Comment: Spring has turned its business around, replacing the losses of previous years with impressive revenue growth – organic growth was some 28%, with 9% growth from the Best acquisition – and what Richard Barfield described as a *"respectable"* operating profit. Although the recovery in the IT staff agency (ITSA) market has certainly helped Spring bounce back, there is little doubt that it is also taking market share and at the same time winning better quality, higher margin business. We've always said that you need to be big or niche to do well in the UK ITSA market and this remains the case. Spring is big and getting bigger partly because clients are increasingly looking for large, financially sound partners that can offer a full range of services.

We were particularly pleased to see an improvement in profitability, but we shouldn't lose sight of the fact that operating margins for the Group are not what you might call stellar at 1.9%. Nevertheless, they are moving in the right direction and the management team is focused

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on improving the business mix still further in 2005 and maintaining a focus on operational gearing.

Doing more permanent recruitment is one way to improve margins and we're already seeing Spring's move in this direction, coupled with an improvement in the permanent market generally, having an effect. The permanent recruitment business represented 16% of STSS net fee income (NFI) in 2004, up from 14% last year and less than 8% in 2002. Bill Grubbs, COO, said he'd like to see the permanent business at c30% of NFI in the future.

Spring is also working at improving margins in its contract business and claims to have reversed the downward pressure on margins in this area for the first time in as many as ten years. Increased fee rates are helping – Spring reports a 7.7% increase in contractor rates in 2004 – but Spring also claims to have driven an improvement in margins against the general trend in the market. It is getting 8.6% more money per contractor this year than last and has lengthened contractor assignments by an average of 15%.

Having bedded in its recent acquisitions (Hy-phen, Triage and, of course, Best), Spring is now well positioned to cement its position at the top of our UK ITSA rankings. We expect a continued focus on higher margin business including recruitment process outsourcing (or Total Resource Management) and the IT solutions business, which boasts a 30% gross margin on new business. The public sector is another growth opportunity for Spring, which isn't S-CAT registered in its own right at the moment and has not targeted the sector systematically in the past.

Spring's new non-exec may well be able to help: although we shouldn't overlook Andrew Pinder's considerable commercial sector experience, his public sector expertise, which includes 18 years as a board member at the Inland Revenue, is bound to come in useful!

(Tola Sargeant)

FLOMERICS SHOWS POSITIVE SIGNS IN 2004 RESULTS

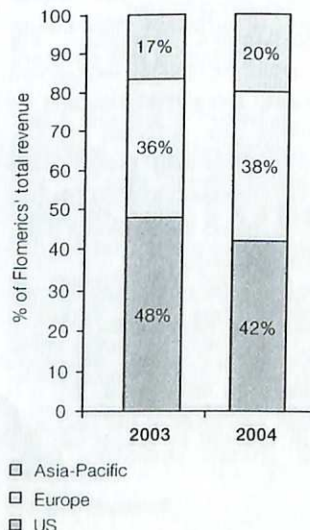
Flomerics Group, supplier of analysis software to the telecommunications, semiconductor and computer industries, announced its results for the year to end December 2004. Headline revenue was flat at £10.2m, but operating profits before goodwill amortisation were up from £519k to £748k. PBT rose by 47% to £671k. EPS grew from 2.74p to 3.85p.

Comment: Because half of Flomerics' business is in dollars, its headline revenue numbers mask the growth of the company during the year. Stripping out currency effects reveals revenue growth of 7%. That's a fair performance in what remains a tough market. The progress on profits, coupled with the company's improving cash position, also bodes well. One factor here is the containment of R&D expenses, which were £100k lower than in 2003. The introduction of a new lower-cost development centre in Bangalore during the year is clearly helping. Meanwhile, it's interesting to note that, with its move to set up a sales office in Bangalore too, Flomerics is one of those companies looking to use an Indian offshore development/delivery presence to open up sales opportunities in the Sub-continent's fast-growing market. For Flomerics, this increased focus on Asia is especially crucial, since the design market it serves is shifting rapidly eastwards. This is borne out in the 2004 numbers – a 28% jump in revenues in Asia, compared to a 1% fall in the US.

Most of Flomerics' business (73%) still comes from licence fees but 2004 saw good growth in maintenance revenues, which now account for 13% of the total. So clearly Flomerics' products remain its mainstay. The good news here is that its flagship flotherm software (which accounts for 75% of revenues) enjoyed its first year of growth (albeit just 2%) since 2001. Meanwhile, as the market for flotherm is maturing, the company is putting a lot of effort into promoting its newer products such as FLO/EMC and FLO/PCB.

Overall, Flomerics looks well placed to continue profitable – if unspectacular – growth. Gary Carter – the new COO who recently arrived from US firm ANSYS – should be inheriting a well-focused niche player with healthy prospects when he takes over the CEO reins from co-founder David Tatchell in 2006.

(Phil Codling)



GETRONICS SETS AMBITIOUS MARGIN TARGET

Getronics, the Dutch IT services company and proud new owner of compatriot PinkRoccade, has returned to profit (EBITA) for FY04. Revenues slipped from euro 2.6bn to euro 2.3bn, but the company moved from an EIBTA loss of euro 19m in FY03 to a profit of euro 68m. That took margins from –1.2% to 2.9%. Specifically in EMEA, margins moved from –1.0% to 3.0%. The performance of the US, where services account for a much greater proportion of total revenues, was considerably better with margins increasing from 5.7% to 9.0%. Both total revenue and services revenue increased, by 2% and 4% respectively.

For 2005, Europe is expected to experience *"gradual improvements"* in services revenue. Meanwhile, Getronics hopes to make more improvements to its operational performance and continue to de-emphasise non-service related product sales.

Comment: Breaking back into the black is important for Getronics bearing in mind the financial torment of the past couple of years. And finally seeing off Ordina in the battle for PinkRoccade is certainly a huge relief. We suspect customers (potential and existing, at Getronics and PinkRoccade) were starting to lose their patience – we just hope the company can rectify any damage that has been done.

As well as having to start the integration work on PinkRoccade, CEO Wagenaar has set the company the rather ambitious target of increasing the EBITA margins from 3% to 5% during the year. Beyond 2005, he wants to see it increase further. As long as services revenues experience only *"gradual improvements"* – and let's face it, that's a totally realistic view in today's market – most of that improvement will have to come from cost cutting. The rest will come from an anticipated improvement in services revenues. It's not clear what role PinkRoccade will play here, but certainly its strategic move towards applications and the data centre will contribute in the longer term. For Wagenaar, the balancing act in the short term will be bringing in enough new services business to help the cost cutting take margins in the right direction. We don't envy him!

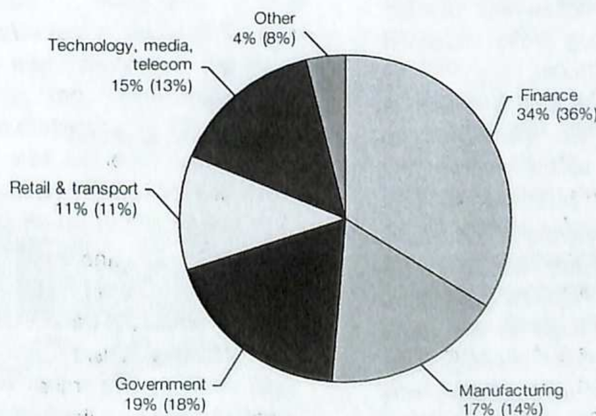
Getronics UK – what happens now?

With the PinkRoccade acquisition now a done deal (euro 350m), Getronics is embarking on the first steps of integration. Its UK MD, Roger Whitehead, was replaced, with Stuart Appleton (Executive VP Asia-Pacific/Japan and UK & Ireland) assuming his duties. Former PinkRoccade CEO, Clive Hyland, has now been made COO of the combined UK business, and takes responsibility for sales and delivery elements.

We caught up with both Appleton and Hyland for a brief overview of what will happen next. It's clear the aim is to swiftly integrate PinkRoccade, with much of the work taking place in Q2. Company-wide, Getronics is seeking synergies that will equate to euro 35m–45m in annual cost savings. Around 4% of staff will lose their jobs. In the UK, it means closing the Getronics head office in Putney and eliminating duplications, which of course makes perfect sense. However, Hyland was quick to reiterate there will not be a huge amount of *"blood-letting"*.

Although the ink is hardly dry on the paper, there's already talk of more acquisitions. Applications, security and local government three of the areas highlighted. But top line growth will also have to come through organic means, which is where PinkRoccade, which grew UK revenues by c%5 in 2004, will prove to be significant.

Getronics revenue split by industry
Total = £2.37bn (£2.60bn)



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Its data centre facilities and ITIL capabilities, for instance, are important additions to Getronics' increasingly commoditised desktop/network offerings and we'll be watching the development of its growing nearshore/offshore capabilities with interest.

Appleton remains cautious about the performance of the combined business in the short-term, which is understandable bearing in mind we're a quarter of the way through the year already. But with plans to become a top 10 player within three to five years, we would expect to see some very significant improvements by next year. Certainly the enlarged Getronics is a major player in the Netherlands, but we're still to be convinced it has gained critical mass in the UK.

(Kate Hanaghan)

A MIXED PICTURE FOR CODASCISYS AT FULL YEAR

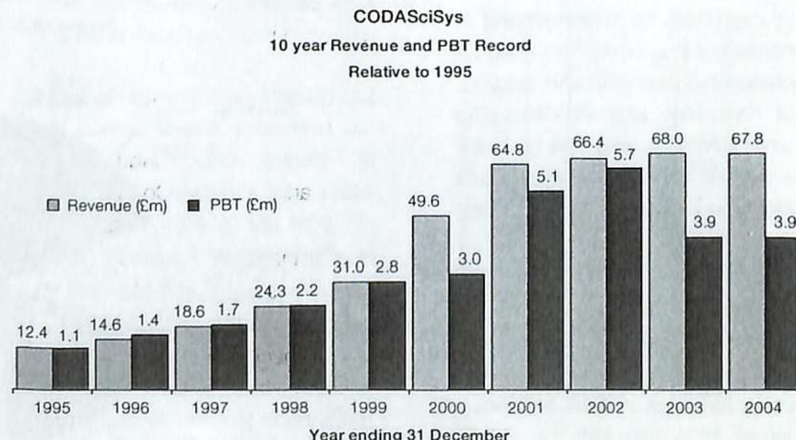
CODASciSys has released results for the year to 31 December 2004 revealing a 2.9% decline in revenues to £67.8m. Operating margins improved from 9.6% in 2003 to 11.4% in 2004, as operating profits before goodwill amortisation and exceptional items increased by 17.4% to £7.7m. Pre-tax profits were steady at £3.9m and diluted EPS declined from 9.9p to 8.9p.

Across the divisions:

- CODA: Despite licence and maintenance revenues growing over the year, revenues fell by 2% to £43.3m as a result of increased competition and pricing pressure. However, a marked upturn in the last quarter has apparently continued into 2005; the focus continues to be on assisting companies with their Corporate Governance obligations. The division also achieved improvements in profitability through a rationalisation of its business structure and product mix. Operating profits increased by 3.7% to £5.0m.
- SciSys: The SciSys division is focused on the space, defence and public sector markets (the commercial business is now reported separately). Revenues increased slightly from £21.9m to £22.0m with operating profits of £1.8m compared to a loss of £0.4m in 2003. The significant improvement in profitability was due to a major restructuring as well as improvements to management reporting systems. The Space and Defence businesses have now achieved a high level of credibility in their respective sectors as evidenced by recent wins at the European Space Agency and with the Ministry of Defence. The trick now will be to replicate this in the rest of the public sector. SciSys hopes to achieve this by having two clear areas of focus: transportation and regulatory compliance.
- Business Collaborator and SciSys Commercial: The Business Collaborator business reported an operating loss for the period as investments were made in SEDEX, its ethical trading initiative. However, new licence sales have not yet met expectations so the company decided to impair goodwill relating to the acquisition of Business Collaborator totalling £870K.

Mike Love, Chairman, commented on the outlook, *"Going forward, the Board's attention will be focused on expanding both the CODA and SciSys divisions. The early indications are that the upturn in business experienced in the last quarter of 2004 is continuing and we remain positive in our expectations for 2005"*.

Comment: The bottom line is that both the CODA (64% of turnover) and the SciSys (32% of turnover) businesses are making significant progress but, on the admittance of CEO Graham Steinsberg, *"there is still much to do"*. Neither business reported a performance to shout about in 2004 though both are showing signs of



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improvement. The question is whether that improvement can be sustained. Now that the bulk of the cost cutting has been undertaken, the focus will need to be on top-line revenue growth.

The biggest problem for the CODA business in the past has been the competitive pressure from the 'Big 3': Oracle, Peoplesoft and JD Edwards. Clearly some pressure has now been taken off with the competition reduced to one. CODA now competes with Oracle based on offering a 'single instance' solution that is less expensive and quicker to implement across multiple geographies. The business can already cite examples of where it has won against Oracle/Peoplesoft e.g. at retailer Next. CODA must now take advantage of this improved competitive landscape to take its share of the growing market for corporate governance software. The division also sees opportunities in financial shared services working with consultancies such as Accenture.

The SciSys business has some clear strengths and is well known in the space and defence sectors for its innovation and technical competence. Recent wins, and a new office in Germany, have solidified its position as supplier and partner in these subsectors. Taking this experience and applying it to other government sectors will be one way of achieving future top-line growth. Transportation has been identified as one growth sector where it is using GPS solutions (based on its space and defence experience) in the railway industry. It is also looking to pull together a package of regulatory compliance solutions. The key aim is to bring some predictability to the revenue stream.

Aside from the two core businesses, there's also Business Collaborator, providing software aimed at companies that want to gather information about their entire supply chain in order to manage it more effectively. From what we can gather this business has not yet been written off completely (despite the goodwill impairment). However, it will need to change its business model if it is to be a long-term winner. At the moment, the cost of sales remains the same as for a traditional software licence sale but construction companies (the core client) lease the software over the life of a construction project then bring the contract to an end (i.e. there is no commitment). Business Collaborator is a small part of the business and if it is to be profitable it needs to be turned around with minimum management effort.

(Georgina O'Toole)

CORNWELL GROWS REVENUES IN 2004, PLAYING THE INDEPENDENCE CARD

Cornwell Management Consultants has posted its results for the year to 31 December 2004. Turnover rose 28% to £17.7m, but profit margins took a hit after the company invested in its people and infrastructure last year. Operating (EBIT) margin fell from 8.9% in 2003 to 6.8%, pre-tax margin fell from 8.8% to 7.1%. and net margin dipped very slightly from 6% to 5.8%. Average staff utilisation rate was 72% in 2004 – good, although below the 84% rate in 2003. But operating cash flow rose strongly from 4.1% of turnover to 6%.

Cornwell described the results as *"in line with expectations"*. MD Jonathan Broadhurst said the company *"made a satisfactory start to the current financial year* and I am pleased with the level of activity in our main client sectors".

Comment: Cornwell is a *"real"* consultancy – it says it focuses solely on advisory services, leaving the implementation work to the system integrators and outsourcers. A dangerous niche, you might think! (see the cover article on independent IT consultancies) Yet Cornwell did very well last year, and expects growth and profitability well above market levels in 2005. Why?

First, it specialises in public sector work, which supplies 86% of its turnover. That's probably too much, but it's a problem other consultancies would love to have.

Second, its tight focus on advisory work – what we call the *"trusted adviser"* role – differentiates it clearly from both system integrators like BearingPoint and outsourcer/consultant hybrids like IBM and Capgemini. Advice from these guys, Cornwell argues, is compromised because they promote their downstream services.

Third, Cornwell also uses the *"associate model"* – its 70 salaried consultants are supplemented by 300 self-employed associates (and some small sub-contractor firms) that it brings into deals on an ad-hoc basis. About 50% of revenues pass through associates, though Cornwell wants this down to

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40%. This structure gives Cornwell scalability and agility and keeps overheads down, even if the margin on sub-contractors is lower than on staff. Cornwell can do profitable work in small bundles – it did 300 assignments for 145 clients in 2004, though many assignments were linked or followed on from each other.

The independence story goes down particularly well in the public sector, says Cornwell MD Jonathan Broadhurst. He's using it to win advisory work against the big guys like IBM and Capgemini, and he thinks demand for independent advice is growing, not lessening, with the march of outsourcing. Meanwhile, the Big Four accounting firms are constrained by their non-compete agreements with the companies that bought their consulting arms, at least in the IT-related consulting arena in which Cornwell generates 80% of its revenues. It's a nice little niche – until those non-compete agreements expire. *(Douglas Hayward)*

-8.8%
374p
IT ASSURANCE
Solutions • Support • Continuity

ICM FEELS THE BC BENEFITS

ICM, the SME support services company, has improved operating margins to 7.2% from 6.6% for the six months to 31 December thanks to its increasing shift towards more profitable support services. Operating profits increased 17% to £2.8m on revenues that increased 7% to £38.7m. PBT increased 5.7% £2.4m. Diluted EPS increased 6.5% to 6.1p and net cash inflow more than doubled to £4.7m.

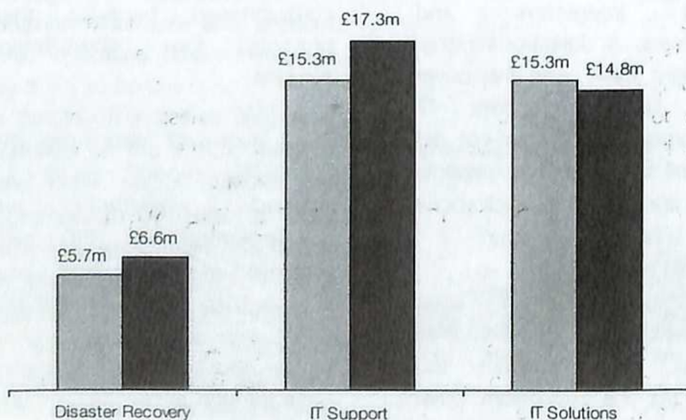
Across its three divisions, performances were as follows:

• IT Solutions – turnover fell 3% to £14.8m while gross profit contribution decreased 1%.
• IT Support – turnover increased 14% to £17.3m while gross profit contribution increased 9%.
• Business Continuity – turnover increased 16% to £6.6m and gross profit contribution increased 24%.

Comment: These are good results as they demonstrate ICM's strategy is working. Margins in the BC business are up as the company's ongoing investment in its recovery centres pays off. We estimate its BC business (which provides regional recovery centres as opposed to IBM's City-centric approach) to be about a tenth of the size of SunGard's UK business. However, with such good coverage (admittedly there are gaps that still need filling) and so few competitors, we suspect ICM gives SunGard a good run for its money.

The business continuity market has very high barriers to entry because of the investment required to establish a good degree of geographic coverage. So while it will take ICM at least another couple of years to complete its network, we believe it still looks attractive as a possible acquisition target. HP's recent acquisition of Schlumberger's BC unit in Ireland shows it is prepared to invest to increase its capabilities. HP has already removed one significant support services player (Synstar) and we wouldn't be surprised if it had an interest in ICM too.

ICM Computer revenues by division
Total revenues = £38.7m (£36.6m)



On 23 March support services player, Phoenix IT, announced its purchase of NDR (which is about the same size as ICM's business). Although ICM's share price dropped by 9%, we don't believe the move will add competitive pressure to ICM. Phoenix is focused on proving BC as part of its managed services offerings via its partner network. Meanwhile, ICM is focused on the SME market.

Elsewhere within the ICM Group there have also been improvements on last year. What is interesting is the progress within its IT Solutions business. The company's proactive shift away from lower margin business (ie, around desktop PCs) has been complemented with some noticeable improvements in the

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market, particularly around complex storage solutions. So much so that within the six month period, the company saw a 41% increase in order intake in professional services.

On the downside, ICM is, not surprisingly, feeling the effect of the Synstar acquisition. HP has given ICM six months notice after which it will take in-house its non-HP services. This business accounted for 2% of ICM's total annual revenue for the last financial year and its removal will affect the rate of growth of its IT Support business in the next financial year. ICM does, however, have a good chance of picking up the slack through its managed services business.

So in the short term, we believe ICM will continue to benefit from what is a sound and rewarding strategy of cross-selling a range of services to SMEs. Longer term, we fear ICM looks increasingly vulnerable to a takeover bid against a backdrop of sustained M&A activity within the support services market. While ICM would no doubt like to remain an independent player, that might not be the best deal for shareholders going forward. *(Kate Hanaghan)*

COMPUTACENTER DEFENDS REVENUES AND MARGINS IN A TOUGH 2004

Computacenter reported its FY 2004 results, with revenues down slightly (by 1%) at £2.46bn and margins essentially flat. Total operating (EBIT) margin was unchanged at 2.7%, and pre-tax margin was unchanged at 2.6%. Diluted EPS was down 4% at 23.7p. But operating cash flow showed an improvement, rising to 2.5% of revenues (from 2.2%), and Computacenter ended 2004 with net funds of £80m, versus £50m in 2003.

The core UK operation was essentially flat, with revenues down 1% at £1.43bn, and operating margin rose slightly to 4.5% (from 4.2% in 2003). That slight revenue decline masked a 17% rise in managed services revenues, the company said. Germany, the second-ranking territory, managed a 3% revenue rise (to £656m) and held operating margins steady at 1.4%. France was the problem child, with revenues down 7% at £300m and operating margin deteriorating to –2% (from –0.8% in 2003). Computacenter also re-confirmed the renegotiations of its reseller contract with HP, which will knock £10m off its 2005 profits.

Chairman Ron Sandler warned that *"trading in the first two months of 2005 has been subdued and below anticipated levels"*, but added that *"it is too early to know whether this will have any impact on the overall result for the year."* Computacenter is pushing ahead with its long-term plan to shift its focus from product reselling towards services and into the mid-market, he added.

Comment: Keeping margins and revenues flat is a good result for a company that's still basically a product reseller and distributor. Computacenter said that core product prices declined by 12% to 15% during the year, which puts flat sales and margins in context. France is clearly not working out, and Computacenter should give it another go this year before selling it off, as it did with the Austrian business earlier this year.

Computacenter wants to grow its hardware sales to the small and medium-sized business (SME) segment. It has been piloting a new brand, Computacenter Direct, essentially a telesales product-selling operation with low overheads.

But Computacenter is up against a fearsome competitor here – Dell. Moreover, its direct business could alienate the hardware resellers who traditionally service the SME sector, and who still influence decision-makers in SMEs. The upside is that software houses and low-end integrators may tell their customers to ring Computacenter Direct if they want a good deal on hardware. But there will always be Dell to spoil the party.

Overall, this is a company doing a good job in a bad market. The big question is whether the reselling business adds anything to the services business, or whether the two should be separately owned. *(Douglas Hayward)*

CORPORA STARTS TO SHOW SALES GROWTH

Tiny AIM-listed software firm **Corpora** announced its results for the six months to end December 2004. The developer of natural language processing tools saw revenue grow to £806k, compared to £499k in the whole of FY04. Operating losses amounted to £2.4m (FY04: £2.5m), and loss per share was 6.5p (FY04: 16.1p).

Having integrated its acquisitions

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and technology offering, Guildford-based Corpora is now in marketing and sales mode. The effects can be seen in the increased revenue numbers, but there should be more to come in the second half. Expect the US to pick up now that the Reston (Virginia) sales office is up and running. But it's also essential that the ballooning costs seen in the first half are brought down in the remainder of FY05 (at £3.2m, admin expenses including goodwill amortisation were higher than in the whole of FY04). *(Phil Codling)*

NICHE LEGAL SECTOR FOCUS CONTINUES TO BENEFIT TIKIT GROUP

Tikit Group, provider of a range of software and IT related services primarily to UK and European law firms, has released results for the year ending 31 December 2004. Total turnover increased by 24% to £11.9m (with acquisitions contributing £0.3m to the increase).

Across the business:

- Consultancy and services revenues increased 35% to £7.73m (consultancy up 25% to £3.65m; services & support up 46% to £4.08m). Tikit continued its focus on increasing services revenues and achieved a 96% renewal rate for its managed services business. This led to recurring revenues as a percentage of total revenues increasing to 34% from 29% in 2003. It also allowed for a high level of cash generation from operations. In addition, as the business gained critical mass, Tikit secured a high level of major project work (consultancy) in H2 2004 leading to *"encouraging levels of committed business"* going into 2005.
- Software revenues increased by 4% to £3.78m. The main problem here is competitive pressure among leading software managers in the document management market leading to a reduction in revenue and gross margin from those third-party products. In addition, Tikit decided to suspend marketing of its own business intelligence software in order to develop an enhanced version of the product. This led to sales falling from £262K in 2003 to £25K in 2004 (going into 2005, the new release is now available). Nonetheless, aside from this product, sales of Tikit's own software grew 60% to £634K.
- Hardware revenues increased 95% from £0.2m to £0.39m.

In terms of profitability, operating profit before goodwill amortisation and share option charges increased by 28% to £1.4m and pre-tax profits increased by 20% to £859K. Diluted EPS was up from 2.9p to 4.5p. The Group continued its progressive dividend policy.

Chairman, Mike McGoun, commented, *"Our belief is that we will achieve strong growth from both existing business and as a result of recent acquisitions using relationships established with our existing client base. In addition, with our strong market position in the UK, an improving presence in both Europe and the USA and a strong balance sheet, the board is optimistic about both the short-term and long-term prospects for the Group"*.

Comment: This set of results represents another successful year for Tikit Group, which is benefiting from its position as a niche provider of software and services to the legal sector. The company sees plenty of opportunity to grow organically as new leads are generated by consolidation activity amongst top law firms. In addition, as it gains critical mass, and adds new service expertise (such as infrastructure support services) via acquisition, it is opening up larger contract opportunities with existing and new clients both in the UK and across Continental Europe. There are also complementary business opportunities opening up in other professional services sectors such as accountancy and investment banking – though these are strictly limited compared with the opportunities in the legal sector.

We met with David Lumsden, managing director at Tikit, to learn a little more about life as a successful, niche S/ITS player. Certainly Tikit is in an enviable position, with margins growing to 12% in FY04 in a market where the customers can certainly afford to invest in IT without scrimping. So the addition of significant new customers, such as Freshfields, via its acquisition of its largest dedicated competitor (ResSoft) in FY04, is certainly a welcome step forward.

The key challenge will be to integrate this and the other acquisitions made during the year (NIS and Lecsoft SAS) in order to improve its managed services offering. And in terms of becoming more of a full service provider, which is where Tikit really wants to be, we believe the company stands a good chance of persuading the big law firms, who tend to be quite happy to pay for an improved service, to take on a fuller, managed service. We expect to see more small acquisitions made this year when the right opportunities arise. And, if Lumsden can add at least one more top 50 law firm to the books in FY05, we suspect he will be a happy man. *(Georgina O'Toole and Kate Hanaghan)*

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
2 e 2	XKO	Privately held company founded and spun off by Autonomy's CEO Mike Lynch in February 2000	100%	£13.25m	For XKO, this deal is about refining its focus on software, while for 2e2, the benefits are two-fold. Firstly, it gains access to some new financial services customers, who will clearly have needs outside of the Channel Islands and the Isle of Man. Secondly, 2e2 gains some business continuity expertise - an important asset for any supplier of managed services (as demonstrated by the recent acquisition of NDR by Phoenix IT).
ACS	Mellon Financial	The HR consulting and outsourcing business of US financial services corporation Mellon Financial	100%	$445m	This acquisition will be a significant boost for ACS' ambitions in the HR outsourcing game. It's no secret that ACS would love to use its North American experience to become a key player in the growth of BPO in Europe. As for the Mellon HR business, it is heavily weighted towards North America, but will also help to boost ACS' European prospects and presence. On this side of the pond, the acquisition brings 280 employees and around euro50m of business in HR consulting, retirement consulting and pension admin services.
Alphameric	Telectronics	Hospitality and retail sector electronic point of sale (EPOS) services company	100%	£5.8m in cash and £1m in shares	As expected Alphameric has chosen to further beef up its hospitality sector business. Alphameric is fast proving itself as a consolidator in the fragmented UK retail market. With about £6m cash left in the bank after this purchase, is the company's appetite sated yet?
Computer Software Group	Consensus Information Technology Limited	Provides membership management, training administration and skills management software	100%	£2.59m	The team behind CSG have a great eye for tracking down businesses that will make good additions to the group. There are two themes here. Firstly, we believe CSG makes clever purchases - i.e. those it knows it can instantly save serious money on by understanding the real synergies and cost savings. Secondly, the team's excellent vision for the bigger picture - i.e. understanding how each new addition will fit into the cross-selling scheme of things - could potentially lead to some very nice revenue growth for the growing group.
Computer Software Group	Prolog Systems Ltd	A provider of service management and mobile data solutions	100%	£814k in cash and shares	Since CSG floated on AIM in 2000 it has evolved from being a provider of IBM iSeries software solutions, into a company with three divisions covering business service solutions, field service solutions and not-for-profit solutions. It has done this mainly through acquisition. And now it's done it again. In just the last 18 months, we reckon CSG has notched up six acquisitions. Judging by its interim results (out last November) this strategy is paying off. Turnover more than doubled to £5.3m, and it moved into operating profits (before goodwill amortisation) of £540k from a loss the year before.
Consortium of private equity firms	SunGard	US provider of software and processing solutions and availability services	100%	$11.3bn	This deal is being hailed as the biggest leveraged buyout since 1989 when KKR engineered the $25bn purchase of food company Nabisco. It is almost certainly the largest deal of its kind in the technology sector, and pundits are beginning to highlight it as confirmation of a trend for consortium led purchases.
Delcam	Engineering Geometry Systems	Utah-based developer of the FeatureCAM CAD/CAM software line	100%	£1.5m in cash	Delcam opened larger sales offices in China, India, Thailand and Russia during FY04, and saw revenues from operations outside Europe and North America rise by 21% to £6.15m (or 29% of the company's global total). Meanwhile in the US, Delcam is strengthening its offerings and sales presence with the acquisition of EGS, which had £1.6m in revenue in 2004, and made an operating profit of £0.3m.
Logicalis	Notability	IBM reseller	100%	£11.4m	Having offloaded Logicalis Australia and New Zealand, the focus is now on growing the business in the UK and the US. With the addition of Notability, the UK operation will see revenues scale from £52m to in excess of £82m in the coming year. We suspect Logicalis took a look at a few other candidates before settling on Notability. Provided it can find the right fit, the company looks set to continue its spending spree, although this is more likely to be focused on the voice arena.
Northgate Information Solutions	SX3	Provider of software and managed services primarily to the UK local government market. Subsidiary of the Viridian Group	100%	£155m cash	This acquisition is in line with the strategy that Northgate's CEO, Chris Stone, set out several years ago, i.e. to be a leading provider of application software and managed services to the UK public sector and human resources (HR) markets. Several divestments since embarking on this strategy have resulted in a slimmed down and far more focused business providing a platform for both organic and acquisitive growth. However, of all the acquisitions undertaken, this is one of the most substantial. Northgate looks to have struck a good deal with a price-to-sales ratio based on Sx3's last full financial year of c1.3.
Oracle	Retek	Provider of software and service to the retail industry	100%	$650m	Oracle beat SAP on this one and will be very pleased as it needs Retek more than SAP, which already has quite a strong retail solution. SAP will not be altogether disappointed, because it forced Oracle to pay a very high price. Most pleased of all will be Retek shareholders who have seen the value of their shareholding nearly doubled in a month.
PC Medics	Nexus Management Ltd	Provides recovery, support and sercirty services and is part of holding	100%	93m new shares	PC Medics' management believes the acquisition will enable the company to provide new services - in line with its aspirations to become a managed services provider - and do so more economically than would otherwise be possible.
Phoenix IT	NDR Holdings	Business continuity provider	100%	Cash consideration of £28.8m and £8.38m of net borrowings	No surprises here. We have said in the past that it would be only a matter of time before Phoenix picked up something in the disaster recovery space. By adding this capability to the range of services within its managed services portfolio, Phoenix can now avoid having to subcontract what is a lucrative service. The business continuity market, which we estimate will grow 4.6% this year, can be nicely profitable if the provider gets the metrics right - eg, if it is able to sell the same seat over and over to numerous customers.
SunGard	Vivista	Supplies ICT and business support products, systems and services to both the public and commercial sectors	100%	£104.5m	SunGard is no stranger to acquisitions. And it's certainly no stranger to the public sector. However, its government business (which has been around for c10 years) has thus far been mostly restricted to the US. Via its acquisition of Sherwood (the UK insurance software company) in 2003, it gained a "large amount of work" with Defra. But Vivista (which is its first public sector acquisition in Europe) is now SunGard's largest chunk of UK government business. This is a clever buy for SunGard, which is now itself the subject of a takeover bid.
Vertex	Marlborough Stirling	Finance sector player	100%	£95m	Thus ends a bold attempt by one of the UK's smaller S/ITS firms to carve out a future for itself in the financial services BPO market. In the end, life and pensions outsourcing was both Marlborough Stirling's great hope and its undoing. The signs had been quite promising. But there was always a nagging doubt around Marlborough Stirling's ability to survive and prosper in a market crowded with larger players (not least Unisys, Capita, Liberata and EDS), and where financial stability and scale are de rigeur.

Recent IPOs

Name	Activity	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Jan 05	Change since IPO
Poly Information Plc	Voice recognition software	SP	AIM	2p	N/A	11-Mar-05	3.13p	56.5%
ANT Plc	IPTV browser software	SP	AIM	126p	£30.6m	16-Mar-05	184.5p	46.4%
Calyx Group Plc	ICT network solutions	CS	AIM	55p	£21m	17-Mar-05	60.5p	10.0%
IBS Opensystems Plc	Revenue, benefits and social housing software	SP	AIM	151.5p	N/A	23-Mar-05	152.2p	0.5%

Forthcoming IPOs

Name	Activity	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
FDM Group Plc	Media adaptation software for mobiles and PDAs	A	AIM	78p	£18.1m	07-Apr-05

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

AFA Systems plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£6,013,000		£6,467,000	+7.6%
PBT	-£10,638,000		-£3,044,000	Loss both
EPS	-41.90p		-8.30p	Loss both

AIT Group plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£10,031,000	£19,648,000	£8,017,000	-20.1%
PBT	£1,030,000	£2,018,000	£1,558,000	+51.3%
EPS	3.59p	7.49p	2.87p	-20.1%

Alphameric plc

	Interim - May 03	Final - Nov 03	Interim - May 04	Comparison
REV	£26,169,000	£62,897,000	£31,158,000	+19.1%
PBT	-£2,704,000	-£3,530,000	-£2,350,000	Loss both
EPS	-2.50p	-3.50p	-2.10p	Loss both

Alterian plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£1,825,000	£5,668,000	£2,511,000	+37.6%
PBT	-£2,449,000	-£3,232,000	-£1,808,000	Loss both
EPS	-5.40p	-7.10p	-3.60p	Loss both

Anite Group plc

	Final - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£85,210,000	£188,763,000	£92,927,000	+9.1%
PBT	-£14,333,000	-£28,763,000	£9,539,000	Loss to profit
EPS	-4.40p	-8.60p	1.90p	Loss to profit

Argonaut Games plc

	Interim - Jan 03	Final - Jul 03	Interim - Jan 04	Comparison
REV	£6,933,000	£5,317,000	£4,373,000	-36.9%
PBT	£1,096,000	-£10,882,000	£2,387,000	+117.8%
EPS	1.13p	-11.20p	-2.24p	Profit to Loss

Asite plc

	Final Dec 02		Final Dec 03	Comparison
REV	£1,575,000		£1,697,000	+7.7%
PBT	-£5,391,000		-£2,457,000	Loss both
EPS	-4.70p		-2.10p	-55.3%

Atlantic Global plc

	Interim - Jun 03	Final Dec 03	Interim - Jun 04	Comparison
REV	£907,000	£1,956,000	£988,000	+8.9%
PBT	£231,000	£496,000	£121,000	-47.6%
EPS	0.56p	1.35p	0.23p	-58.9%

AttentiV Systems Group

	Final - Sep 03		Final - Sep 04	Comparison
REV	£25,655,000		£32,071,000	+25.0%
PBT	£1,130,000		£3,322,000	+194.0%
EPS	5.90p		4.60p	-22.0%

Autonomy Corporation plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£33,998,600		£33,568,410	-1.3%
PBT	£3,924,000		£4,650,000	+18.5%
EPS	0.03p		0.03p	+0.0%

Aveva Group plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£16,837,000	£38,113,000	£24,368,000	+44.7%
PBT	£1,363,000	£6,109,000	-£163,000	Profit to loss
EPS	5.19p	22.42p	-1.94p	Profit to loss

Axon Group plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£50,210,000		£60,157,000	+19.8%
PBT	£4,020,000		£6,334,000	+57.6%
EPS	4.60p		7.80p	+69.6%

Brady plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,012,273	£2,386,644	£1,940,299	+91.7%
PBT	£157,053	£628,628	£823,300	+424.2%
EPS	0.70p	2.60p	2.55p	N/a

Bond International Software plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£3,370,000	£7,037,000	£4,239,000	+25.8%
PBT	£155,000	£451,000	£711,000	+358.7%
EPS	0.64p	2.19p	2.40p	+275.0%

Business Systems Group Holdings plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£10,457,000	£22,643,000	£12,624,000	+20.7%
PBT	-£407,000	-£117,000	£196,000	Loss to profit
EPS	-0.52p	-0.15p	0.46p	Loss to profit

Capita Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£531,600,000	£1,080,600,000	£620,200,000	+16.7%
PBT	£37,300,000	£93,500,000	£48,100,000	+29.0%
EPS	3.13p	8.42p	4.37p	+39.6%

Charteris plc

	Final - Jul 03		Final - Jul 04	Comparison
REV	£12,174,000		£13,822,000	+13.5%
PBT	-£625,000		£541,000	Loss to Profit
EPS	-1.26p	-1.26p	0.81p	Loss to profit

Chelford Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,339,000	£9,877,000	£5,603,000	+29.1%
PBT	-£623,000	-£373,000	£135,000	Loss to profit
EPS	-0.07p	-0.03p	-0.02p	Loss both

Civica plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£90,304,000		£75,760,000	-16.1%
PBT	£9,317,000		-£2,059,000	-122.1%
EPS	11.30p		-8.70p	-177.0%

Clarity Commerce plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£4,853,000	£13,325,000	£8,236,000	+69.7%
PBT	£194,000	£511,000	£306,000	+57.7%
EPS	1.12p	2.49p	1.41p	+25.9%

Clinical Computing plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,150,000	£1,850,828	£728,000	-36.7%
PBT	-£397,000	-£1,236,892	-£631,000	Loss both
EPS	-1.60p	-4.50p	-2.00p	Loss both

CMS Webview plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£905,000	£1,629,000	£442,000	-51.2%
PBT	-£116,000	-£543,000	-£778,000	Loss both
EPS	-0.17p	-0.92p	-0.97p	Loss both

CODASciSys plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£68,026,000		£67,830,000	-.3%
PBT	£3,861,000		£3,914,000	+1.4%
EPS	9.90p		8.90p	-10.1%

Comino Group plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£11,323,000	£24,507,000	£12,229,000	+8.0%
PBT	£603,000	£1,713,000	£560,000	-7.1%
EPS	2.60p	6.90p	2.20p	-15.4%

Compel Group plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£29,328,000	£63,335,000	£41,512,000	+41.5%
PBT	-£260,000	-£327,000	£277,000	Loss to profit
EPS	-0.80p	-0.90p	0.80p	Loss to profit

Computacenter plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£2,481,295,000		£2,455,752,000	-1.0%
PBT	£65,151,000		£64,645,000	-.8%
EPS	24.60p		23.70p	-3.7%

Computer Software Group plc

	Final - Feb 03		Final - Feb 04	Comparison
REV	£3,584,000		£3,941,000	+10.0%
PBT	-£1,399,000		-£343,000	Loss both
EPS	-0.97p		0.47p	Loss both

Cornwell Management Consultants plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£7,222,660		£13,901,439	+92.5%
PBT	£105,338		£1,229,334	+1067.0%
EPS	n/a		n/a	Loss both

Corpora plc

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

DCS Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£30,200,000	£52,800,000	£19,500,000	+92.5%
PBT	-£4,000,000	-£7,000,000	£2,800,000	Loss to profit
EPS	-17.16p	-31.07p	10.78p	Loss to profit

Dealogic Holdings plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£13,469,000	£30,966,000	£16,394,000	+21.7%
PBT	£5,313,000	£12,883,000	£4,878,000	-8.2%
EPS	N/a	N/a	N/a	N/a

Delcam plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£9,816,000	£20,451,000	£10,306,000	+5.0%
PBT	£504,000	£1,348,000	£662,000	+31.3%
EPS	6.40p	20.45p	8.60p	+34.4%

Detica Group plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£22,304,000	£53,523,000	£32,620,000	+46.3%
PBT	£3,160,000	£8,775,000	£3,617,000	+14.5%
EPS	10.00p	35.30p	13.40p	+34.0%

Diagonal plc

	Interim - May 03	Final - Nov 03	Interim - May 04	Comparison
REV	£30,611,000	£56,312,000	£24,752,000	-19.1%
PBT	£324,000	-£2,815,000	-£300,000	Profit to loss
EPS	-0.28p	-3.42p	-0.73p	Loss both

Dicom Group plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£77,121,000	£156,197,000	£86,908,000	+12.7%
PBT	£2,775,000	£7,757,000	£5,866,000	+111.4%
EPS	4.00p	18.20p	15.70p	+292.5%

Dimension Data plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£1,287,248,741		£1,386,910,700	+7.7%
PBT	-£244,385,906		-£2,449,390	Loss both
EPS	-17.68p		-1.56p	Loss both

DRS Data & Research Services plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£13,528,000		£14,408,000	+6.5%
PBT	£2,104,000		£452,000	-78.5%
EPS	4.50p		1.35p	-70.0%

Earthport Plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	£512,881		£925,611	+80.5%
PBT	-£12,932,259		-£6,636,211	Loss both
EPS	-6.40p		-1.50p	-76.6%

Easyscreen plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£2,654,514		£2,206,624	-16.9%
PBT	-£3,397,842		£3,237,428	Loss both
EPS	-5.60p		-5.08p	Loss both

Eidos plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£78,747,000	£150,057,000	£31,463,000	-60.0%
PBT	£7,826,000	-£1,951,000	-£28,737,000	Profit to loss
EPS	4.40p	-2.10p	-20.70p	Profit to loss

Electronic Data Processing plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£8,686,000		£8,319,000	-4.2%
PBT	£284,000		£1,032,000	+263.4%
EPS	3.97p		2.61p	-34.3%

Empire Interactive plc

	Interim Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£18,826,000	£30,438,000	£12,127,000	-35.6%
PBT	£2,101,000	£611,000	-£883,000	Profit to loss
EPS	3.10p	1.57p	-1.30p	Profit to loss

Epic Group plc

	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£3,726,000	£7,296,000	£3,873,000	+3.9%
PBT	£821,000	£1,364,000	£893,000	+8.8%
EPS	2.20p	3.90p	2.40p	+9.1%

Eurolink Managed Services plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£9,152,000		£7,365,000	-19.5%
PBT	£204,000		-£196,000	Profit to loss
EPS	1.22p		-1.36p	Profit to loss

Ffastfill Plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£1,372,000		£2,651,000	+93.2%
PBT	-£4,926,000		-£2,547,000	Loss both
EPS	-10.05p		-3.43p	Loss both

Financial Objects plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£10,427,000		£9,509,000	-8.8%
PBT	-£12,055,000		-£45,000	Loss to profit
EPS	-43.96p		-0.16p	Loss to profit

Flightstore Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£112,178	£274,112	£36,963	-67.0%
PBT	-£563,651	-£1,020,176	-£563,424	Loss both
EPS	-0.70p	-1.17p	-0.62p	Loss both

Flomerics Group plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£10,221,000		£10,241,000	+0.2%
PBT	£455,000		£671,000	Loss both
EPS	2.74p		3.85p	Loss both

Focus Solutions Group plc

	Interim - Sep 03	Final - Mar 04	Interim Sep 04	Comparison
REV	£2,581,000	£5,388,000	£1,921,000	-25.6%
PBT	-£663,000	-£382,000	-£809,000	Loss both
EPS	-2.10p	-1.00p	-2.80p	Loss both

GB Group plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£5,537,000	£11,916,000	£5,232,000	-5.5%
PBT	-£242,000	-£10,000	-£231,000	Loss both
EPS	-0.30p	0.00p	-0.20p	Loss both

Gladstone Plc

	Final - Aug 03		Final - Aug 04	Comparison
REV	£7,935,138		£7,649,463	-3.6%
PBT	£183,583		£498,926	+171.8%
EPS	0.45p		1.19p	+164.4%

Glotel plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£41,796,000	£90,499,000	£58,141,000	+39.1%
PBT	£135,000	£754,000	£1,170,000	+766.7%
EPS	0.10p	1.20p	2.10p	+2000.0%

Group NBT plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	£6,245,000		£7,675,000	+22.9%
PBT	-£166,000		£412,000	Loss to Profit
EPS	0.10p		3.40p	Loss to Profit

Gresham Computing plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,870,000	£10,245,000	£6,136,000	+26.0%
PBT	-£1,068,000	-£1,955,000	-£587,000	Loss both
EPS	-2.24p	-4.05p	-1.19p	Loss both

Harrier Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,255,000	£9,029,851	£6,096,000	+43.3%
PBT	£12,812	£200,381	£194,816	+1420.6%
EPS	0.52p	0.55p	0.04p	-92.3%

Harvey Nash Group plc

	Interim - Jul 03	Final - Jan 04	Interim - Jul 04	Comparison
REV	£64,317,000	£130,911,000	£78,907,000	+22.7%
PBT	-£4,448,000	-£4,536,000	£292,000	Loss to profit
EPS	N/a	-8.75p	0.18p	Loss to profit

Highams Systems Services Group plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£4,754,000	£8,559,000	£4,496,000	-5.4%
PBT	-£102,000	-£293,000	-£195,000	Loss both
EPS	-0.52p	-1.50p	-0.83p	Loss both

Horizon Technology Group plc

	Interim - Jun 03	Final Dec 03	Interim - Jun 04	Comparison
REV	£80,839,000	£168,434,440	£101,488,400	+25.5%
PBT	£199,000	£461,680	£1,839,310	+824.3%
EPS	0.13p	0.30p	1.97p	+1415.4%

ICM Computer Group plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£36,252,000	£77,542,000	£38,711,000	+6.8%
PBT	£1,905,000	£4,380,000	£2,014,000	+5.7%
EPS	6.10p	14.00p	6.50p	+6.6%

IDOX plc

	Final - Oct 03		Final - Oct 04	Comparison
REV	£4,472,305		£9,555,000	+113.6%
PBT	-£595,060		£89,000	Loss to Profit
EPS	-0.42p		0.23p	Loss to Profit

INCAT International

	Final - Aug 02		Final - Aug 03	Comparison
REV	£83,633,982		£64,024,991	-23.4%
PBT	-£1,036,012		£2,288,242	Loss to profit
EPS	n/a		n/a	n/a

Innovation Group plc (The)

	Final - Sep 03		Final - Sep 04	Comparison
REV	£58,514,000		£58,051,000	-.8%
PBT	-£24,088,000		-£7,349,000	Loss both
EPS	-7.67p		-1.98p	Loss both

InTechnology plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£80,058,000	£221,868,000	£132,420,000	+65.4%
PBT	-£3,547,000	-£4,080,000	-£2,167,000	Loss both
EPS	-0.98p	-0.35p	-1.61p	Loss both

Intelligent Environments Group plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£2,672,065		£3,485,000	+30.4%
PBT	-£2,873,579		-£209,928	Loss both
EPS	-2.14p		-0.02p	Loss both

Interactive Digital Solutions plc

	Interim - Mar 03	Final - Sep 03	Interim - Mar 04	Comparison
REV	£165,741	£191,153	£76,243	-54.0%
PBT	-£545,498	-£1,143,000	-£556,463	Loss both
EPS	-0.33p	-0.65p	-0.31p	Loss both

Intercede Group plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£878,000	£1,605,000	£535,000	-39.1%
PBT	-£269,000	-£661,000	-£558,000	Loss both
EPS	-0.80p	-2.90p	-1.10p	Loss both

ITrain plc

	Final - Dec 01	Final - Dec 02	Interim - Jun 03	Comparison
REV	£436,768	£856,381	£294,539	-32.6%
PBT	-£15,065	-£318,863	-£89,946	Loss both
EPS	n/a	-5.94p	n/a	n/a

INVU plc

	Interim - Jul 03	Final - Jan 04	Interim - Jul 04	Comparison
REV	£785,000	£1,997,000	£1,015,000	+29.3%
PBT	-£457,000	-£1,377,000	-£576,000	Loss both
EPS	-1.50p	-0.36p	-0.61p	Loss both

IQ-Ludorum plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,289,900	£2,502,000	£847,210	-34.3%
PBT	-£1,067,568	-£1,092,000	-£242,216	Loss both
EPS	-0.01p	-1.37p	0.01p	Loss both

iSOFT Group plc

	Final - Apr 03		Final - Apr 04	Comparison
REV	£91,495,000		£149,260,000	+63.1%
PBT	£18,880,000		£17,593,000	-6.8%
EPS	11.08p		6.57p	-40.7%

I S Solutions plc

	Interims - Jun 03	Final - Dec 03	Interims - Jun 04	Comparison
REV	£3,236,000	£5,985,000	£2,849,000	-12.0%
PBT	£119,000	-£188,000	-£151,000	Loss both
EPS	-0.21p	-0.89p	-0.61p	Loss both

K3 Business Technology Group plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£8,088,000		£7,002,000	-13.4%
PBT	£266,000		-£199,000	Profit to Loss
EPS	0.70p		-0.60p	Profit to Loss

Kewill Systems plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£10,530,000	£22,147,000	£13,198,000	+25.3%
PBT	£499,000	£1,529,000	£741,000	+48.5%
EPS	0.60p	2.70p	1.00p	+66.7%

Knowledge Technology Solutions Plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£298,323	£770,185	£572,283	+91.8%
PBT	-£432,656	-£904,161	£419,898	Loss both
EPS	-0.38p	-0.71p	-0.28p	Loss both

LogicaCMG plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£1,827,400,000		£1,706,600,000	-6.6%
PBT	-£731,800,000		-£33,000,000	Loss both
EPS	-102.90p		-6.30p	Loss both

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Lorien plc
	Final - Nov 03	Final - Nov 04	Comparison
REV	£94,714,000	£122,714,000	+29.6%
PBT	-£673,000	£1,152,000	Loss to profit
EPS	-4.60p	6.90p	Loss to profit

Macro 4 plc
	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£15,061,000	£31,240,000	£16,596,000	+10.2%
PBT	-£181	£1,042,000	£863,000	Loss to profit
EPS	-2.40p	1.90p	1.20p	Loss to profit

Manpower SoftWare plc
	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£2,463,669	£5,146,663	£2,043,121	-17.1%
PBT	£259,925	£388,906	-£738,923	Profit to loss
EPS	0.58p	1.00p	-1.63p	Loss to profit

Marlborough Stirling plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£114,600,000	£98,766,000	-13.8%
PBT	£903,000	-£10,988,000	Profit to loss
EPS	-0.30p	-5.20p	Loss both

Maxima Holdings plc
	Interim - Nov 03	Interim - Nov 04	Comparison
REV	£5,687,000	£6,194,000	+8.9%
PBT	£557,000	£800,000	+43.6%
EPS	3.02p	4.34p	+43.7%

Mediasurface plc
	Final - Sep 03	Final - Sep 04	Comparison
REV	£5,160,933	£5,403,482	+4.7%
PBT	-£2,229,267	-£737,394	Loss both
EPS	-2.40p	-0.60p	Loss both

Microgen plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£26,416,000	£42,444,000	+60.7%
PBT	-£2,356,000	£1,118,000	Loss to profit
EPS	-3.20p	0.20p	Loss to profit

Minorplanet Systems Plc
	Final - Aug 03	Final - Aug 04	Comparison
REV	£88,600,000	£33,800,000	-61.9%
PBT	-£52,300,000	-£17,400,000	Loss both
EPS	-54.57p	-22.23p	Loss both

Misys plc
	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£471,100,000	£899,900,000	£437,000,000	-7.2%
PBT	£14,400,000	£23,100,000	£12,700,000	-11.8%
EPS	4.10p	4.30p	1.40p	-65.9%

Mondas plc
	Final - Apr 03	Final - Apr 04	Comparison
REV	£3,713,353	£3,974,732	+7.0%
PBT	-£2,224,645	-£1,779,554	Loss both
EPS	-10.10p	-6.60p	Loss both

Morse plc
	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£187,074,000	£390,008,000	£216,592,000	+15.8%
PBT	-£6,788,000	-£12,431,000	-£7,593,000	Loss both
EPS	-6.20p	-11.90p	-6.40p	Loss both

MSB International plc
	Interim - Jul 03	Final - Jan 04	Interim - Jul 04	Comparison
REV	£33,777,000	£67,297,000	£44,352,000	+31.3%
PBT	£103,000	£311,000	£272,000	+164.1%
EPS	0.30p	0.76p	0.89p	+196.7%

NCC Group plc
	Final - May 03	Final - May 04	Comparison
REV	£12,291,000	£16,316,000	+24.6%
PBT	£1,461,000	£1,403,000	-4.0%
EPS	N/a	N/a	N/a

Ncipher Plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£12,988,000	£14,244,000	+9.7%
PBT	-£585,000	£2,333,000	Loss to profit
EPS	-2.80p	8.78p	Loss to profit

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

Netstore plc
	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£10,602,000	£20,681,000	£10,111,000	-4.6%
PBT	-£672,000	-£687,000	£321,000	Loss to profit
EPS	n/a	-0.14p	0.56p	n/a

Northgate Information Solutions plc
	Interim - Oct 03	Final - Apr 04	Interim - Oct - 04	Comparison
REV	£50,564,000	£93,611,000	£96,816,000	+91.5%
PBT	£402,000	-£10,086,000	£3,881,000	+865.4%
EPS	0.10p	-2.86p	0.24p	+140.0%

NSB Retail Systems plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£64,348,000	£45,399,000	-29.4%
PBT	-£28,755	-£8,680,000	Loss both
EPS	-7.03p	-2.14p	Loss both

OneclickHR plc
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£2,712,382	£4,797,967	£4,797,967	+76.9%
PBT	£64,829	-£1,523,443	-£730,170	Profit to loss
EPS	0.10p	-2.50p	-0.66p	Profit to loss

Orca Interactive
	Final - Dec 03	Final - Dec 04	Comparison
REV	£1,380,000	£2,840,000	+105.8%
PBT	-£2,760,000	-£1,010,000	Loss to profit
EPS	-0.22p	-0.06p	Loss both

Parity Group plc
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£80,904,000	£175,952,000	£90,312,000	+11.6%
PBT	-£13,807,000	-£18,722,000	£14,000	Loss to profit
EPS	-7.39p	1.04p	-0.08p	Loss both

Patsystems plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£10,673,000	£11,775,000	+10.3%
PBT	-£2,369,000	-£2,929,000	Loss both
EPS	-1.70p	-1.40p	Loss both

Phoenix IT Group plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£29,100,000	£58,311,590	£41,500,000	+42.6%
PBT	£5,310,000	£9,317,065	£6,423,000	+21.0%
EPS	N/a	N/a	N/a	N/a

Pilat Media Global plc
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£2,977,898	£9,422,607	£5,607,249	+88.3%
PBT	-£1,244,612	£595,047	£434,918	Loss to Profit
EPS	-2.83p	0.64p	0.65p	Loss to Profit

PC Medics Group Plc
	Final - Mar 03	Final - Mar 04	Comparison
REV	£574,561	£1,160,363	+102.0%
PBT	-£824,548	-£134,991	Loss both
EPS	-0.49p	-0.04p	Loss both

Pixology plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£2,528,038	£4,514,729	+78.6%
PBT	-£1,919,177	-£2,163,393	Loss both
EPS	-12.70p	-9.79p	Loss both

Planit Holdings plc
	Interim - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£13,045,000	£26,926,000	£14,035,000	+7.6%
PBT	£742,000	£1,547,000	£761,000	Loss to profit
EPS	0.40p	1.00p	0.40p	Loss to profit

Prologic plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£3,225,000	£7,542,000	£3,628,000	+12.5%
PBT	N/a	£676,000	-£18,000	#VALUE!
EPS	N/a	N/a	N/a	Profit to Loss

PSD Group plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£37,622,000	£42,503,000	+13.0%
PBT	£333,000	£2,856,000	+757.7%
EPS	-1.20p	7.20p	Loss to profit

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

Quantica plc
	Interim - May 03	Final - Nov 03	Interim - May 04	Comparison
REV	£11,527,000	£24,897,000	£13,789,000	+19.6%
PBT	-£215,000	£779,000	£763,000	Loss to profit
EPS	-0.53p	1.29p	1.15p	Loss to profit

Raft International plc
	Final - Oct 03	Final - Oct 04	Comparison
REV	£8,562,000	£7,261,000	-15.2%
PBT	-£999,000	-£991,000	Loss both
EPS	-1.47p	-1.45p	Loss both

Red Squared plc
	Final - Sep 03	Final - Sep 04	Comparison
REV	£2,303,795	£1,696,513	-26.4%
PBT	-£189,470	-£466,614	+146.3%
EPS	-0.94p	-2.32p	+146.8%

Retail Decisions plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£30,227,000	£31,737,000	+5.0%
PBT	£2,947,000	£5,134,000	+74.2%
EPS	0.50p	1.04p	+108.0%

RM plc
	Final - Sep 03	Final - Sep 04	Comparison
REV	£215,494,000	£263,264,000	+22.2%
PBT	£6,219,000	£7,054,000	+13.4%
EPS	5.20p	4.30p	-17.3%

Royalblue Group plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£56,489,000	£59,768,000	6%
PBT	£9,246,000	£859,000	-0.90709496
EPS	22.90p	23.40p	0.021834061

Sage Group plc
	Final - Sep 03	Final - Sep 04	Comparison
REV	£560,345,000	£687,585,000	+22.7%
PBT	£151,037,000	£181,144,000	+19.9%
EPS	8.14p	9.85p	+21.0%

Sanderson Group plc
	Final - Sep 02	Final - Sep 03	Comparison
REV	£14,517,000	£15,430,000	+6.3%
PBT	-£845,000	-£932,000	Loss both
EPS	n/a	n/a	n/a

SDL plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£64,378,000	£62,690,000	-2.6%
PBT	-£804,000	£457,000	Loss both
EPS	-3.30p	-1.77p	Loss both

ServicePower Technologies plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£2,638,000	£4,114,000	+56.0%
PBT	-£1,624,000	-£3,857,000	Loss both
EPS	-2.67p	-5.50p	Loss both

Sirius Financial Systems plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£22,683,182	£20,523,966	-9.5%
PBT	£1,893,520	-£581,160	Profit to Loss
EPS	5.90p	-3.90p	Profit to Loss

Sirvis IT plc
	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£528,000	£3,230,000	£3,948,000	+647.7%
PBT	£129,000	£321,000	£345,000	+167.4%
EPS	0.76p	0.60p	0.16p	-78.9%

smartFOCUS plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£1,840,000	£2,150,000	+16.8%
PBT	-£1,400,000	-£550,000	Loss both
EPS	-1.20p	-0.56p	Loss both

Sopheon plc
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£5,123,000	£6,734,000	£2,083,000	-59.3%
PBT	-£5,718,000	-£5,806,000	-£1,261,000	Loss both
EPS	-6.90p	-6.30p	-1.20p	Loss both

Spring Group plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£360,197,000	£476,429,000	+32.3%
PBT	-£18,946,000	£5,842,000	Loss to profit
EPS	-12.92p	6.80p	Loss to profit

StatPro Group plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£8,426,000	£9,072,000	+7.7%
PBT	£146,000	£162,000	+11.0%
EPS	0.60p	5.30p	Loss both

Stilo International Plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£2,279,000	£2,076,000	-8.9%
PBT	-£1,445,000	-£1,299,000	Loss both
EPS	-2.61p	-1.56p	Loss both

Superscape plc
	Final - Jan 03	Final - Jan 04	Comparison
REV	£855,000	£1,100,000	+28.7%
PBT	-£9,198,000	-£6,969,000	Loss both
EPS	-17.10p	-7.10p	Loss both

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

Synstar plc
	Interim - Mar 03	Final - Sep 03	Interim - Mar 03	Comparison
REV	£111,517,000	£222,978,000	£107,818,000	-3.3%
PBT	£3,797,000	£8,716,000	-£14,534,000	Profit to loss
EPS	1.60p	3.60p	-9.40p	Profit to loss

Systems Union Group plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£78,427,000	£104,230,000	+32.9%
PBT	£6,124,000	£4,614,000	-24.7%
EPS	5.80p	3.90p	-32.8%

Tadpole Technology plc
	Final - Sep 03	Final - Sep 04	Comparison
REV	£5,318,000	£4,831,000	-9.2%
PBT	-£9,566,000	-£2,767,000	Loss both
EPS	-4.30p	-1.00p	Loss both

Telecity plc
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£11,827,000	£23,536,000	£12,235,000	+3.4%
PBT	-£2,935,000	-£9,522,000	-£2,745,000	Loss both
EPS	-1.40p	-4.70p	-1.20p	Loss both

Tikit Group plc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£9,558,000	£11,903,000	+24.5%
PBT	£713,000	£859,000	+20.5%
EPS	2.90p	4.50p	+55.2%

Torex Retail
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£31,751,000	£67,600,000	£28,940,000	-8.9%
PBT	£1,033,000	£9,920,000	£1,962,000	+89.9%
EPS	0.08p	8.04p	0.43p	+437.5%

Total Systems plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£2,000,586	£3,843,856	£1,696,642	-15.2%
PBT	£381,061	£715,938	£136,878	-64.1%
EPS	2.50p	4.94p	1.03p	-58.8%

Touchstone Group plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£6,953,000	£14,901,000	£7,749,000	+11.4%
PBT	£159,000	£555,000	-£196,000	Profit to loss
EPS	3.50p	1.50p	-2.41p	Profit to loss

Trace Group plc
	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£7,478,000	£15,472,000	£7,314,000	-2.2%
PBT	£117,000	£822,000	£201,000	+71.8%
EPS	0.38p	4.69p	0.77p	+102.6%

Triad Group plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£16,573,000	£36,534,000	£22,799,000	+37.6%
PBT	-£849,000	-£759,000	£170,000	Loss to Profit
EPS	-5.60p	-5.20p	1.08p	Loss to profit

Tribal Group plc
	Final - Mar 03	Final - Mar 04	Comparison
REV	£105,659,000	£185,744,000	+75.8%
PBT	£7,855,000	£5,322,000	-32.2%
EPS	5.50p	-1.40p	Profit to loss

Ultima Networks plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£2,026,000	£1,770,000	-12.6%
PBT	£165,000	£169,000	+2.4%
EPS	0.10p	0.09p	-10.0%

Ultrasis Group plc
	Final - Jul 02	Final - Jul 03	Comparison
REV	£563,000	£548,000	-2.7%
PBT	-£13,656,000	-£12,864,000	Loss both
EPS	-1.00p	-0.53p	Loss both

Universe Group plc
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£18,967,000	£42,129,000	£20,349,000	+7.3%
PBT	£206,000	-£2,730,000	-£224,000	Profit to Loss
EPS	0.50p	-7.00p	-0.38p	Profit to Loss

Vega Group plc
	Interim - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£21,093,000	£44,127,000	£24,519,000	+16.2%
PBT	£763,000	£1,918,000	£1,280,000	Loss to profit
EPS	2.40p	5.74p	3.73p	Loss to profit

Vianet Group plc
	Final - Sep 03	Final - Dec 04	Comparison
REV	£33,714	£376,878	+1017.9%
PBT	-£2,056,476	£2,417,000	Loss both
EPS	-3.10p	-1.90p	Loss both

VI Group plc
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,365,000	£8,823,000	£5,053,000	+15.8%
PBT	-£227,000	-£1,250,000	-£99,000	Loss both
EPS	-0.78p	-3.92p	-0.60p	Loss both

Wealth Management Software plc
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£3,969,000	£7,300,000	£3,069,000	-22.7%
PBT	£208,000	£5,000	£148,000	-28.8%
EPS	0.62p	-0.05p	0.39p	-37.1%

Workplace Systems International plc
	Final - Mar 03	Final - Mar 04	Comparison
REV	£14,241,000	£10,664,000	-25.1%
PBT	-£3,555,000	-£7,398,000	Loss both
EPS	-1.52p	-4.80p	Loss both

Xansa plc
	Interim - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£225,700,000	£419,500,000	£189,500,000	-16.0%
PBT	-£12,400,000	-£29,000,000	£4,900,000	Loss to profit
EPS	-4.75p	-11.92p	1.15p	Loss both

XKO Group plc
	Final - Mar 03	Final - Mar 04	Comparison
REV	£43,627,000	£45,400,000	+4.1%
PBT	-£545,000	-£2,323,000	Loss both
EPS	-2.90p	-9.70p	Loss both

XN Checkout Holdingsplc
	Final - Dec 03	Final - Dec 04	Comparison
REV	£14,315,000	£18,300,000	+27.8%
PBT	-£2,242,000	£1,700,000	Profit to loss
EPS	N/a	N/a	N/a

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

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Mar-05	Capitalisation 31-Mar-05	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Mar-05	Share price move since 28-Feb-05	Share price % move in 2005	Capitalisation move since 28-Feb-05
AIT Group	CS	£0.32	£16.57m	4.4	0.84	207	-19.2%	1.6%	-£3.95m
Alphameric	SP	£0.79	£93.26m	-	1.48	360	0.6%	-1.9%	£0.59m
Alterian	SP	£1.01	£39.60m	-	6.99	505	-2.4%	-1.5%	-£0.98m
Anite Group	CS	£0.58	£205.43m	-	1.09	341	-7.5%	2.6%	-£16.75m
Atlantic Global	SP	£0.37	£8.36m	62.9	4.27	1237	-23.2%	-3.9%	-£2.52m
AttentiV Systems	SP	£0.59	£35.44m	12.2	1.38	860	6.4%	-10.0%	£2.12m
Autonomy Corporation	SP	£1.84	£199.19m	57.9	5.93	56	-8.5%	9.4%	-£18.57m
Aveva Group	SP	£6.73	£148.14m	43.9	3.89	3363	0.4%	2.0%	£0.55m
Axon Group	CS	£2.10	£111.08m	25.2	1.85	1197	10.3%	41.6%	£12.12m
Bond International	SP	£1.00	£25.09m	14.8	3.57	1531	-9.1%	21.3%	-£2.52m
Brady	SP	£0.98	£27.34m	16.1	11.46	1210	-9.3%	8.3%	-£2.79m
Business Systems	CS	£0.17	£13.89m	14.2	0.61	139	0.0%	10.0%	£0.00m
Capita Group	CS	£3.76	£2,495.22m	33.1	2.31	101640	-0.9%	2.8%	-£21.57m
Charteris	CS	£0.40	£16.99m	48.8	1.40	439	-13.2%	2.6%	-£2.58m
Chelford Group	CS	£1.98	£13.08m	28.2	1.32	34348	-15.1%	54.3%	-£2.32m
Civica	CS	£2.40	£108.61m	-	1.20	1371	-3.0%	5.0%	-£3.39m
Clarity Commerce	SP	£0.67	£10.60m	23.4	1.68	532	0.0%	-1.5%	£0.00m
Clinical Computing	SP	£0.25	£7.88m	-	4.24	202	-2.0%	-23.1%	-£0.16m
CODASciSys	CS	£3.65	£92.71m	36.9	1.37	2829	-0.7%	8.1%	-£0.63m
Comino	SP	£2.23	£30.93m	33.2	1.26	1712	0.0%	1.4%	£0.00m
Compel Group	CS	£0.94	£31.74m	-	0.50	752	-4.6%	2.7%	-£1.52m
Computacenter	R	£2.97	£563.72m	12.3	0.23	443	2.4%	2.1%	£14.38m
Computer Software Group	SP	£0.56	£24.65m	16.2	6.26	472	-11.2%	-9.8%	-£2.84m
Cornwell Management Consultants	CS	£1.53	£25.36m	-	1.82	1095	-1.3%	14.7%	-£0.33m
Corpora	SP	£0.19	£7.40m	-	14.84	500	-7.3%	22.6%	-£0.34m
DCS Group	CS	£0.16	£3.88m	-	0.07	258	-4.6%	47.6%	-£0.19m
Dealogic	SP	£1.68	£117.19m	29.0	3.81	728	1.5%	24.1%	£1.75m
Delcam	SP	£2.24	£13.55m	11.9	0.66	862	-0.4%	14.3%	-£0.06m
Detica	CS	£7.40	£165.41m	18.5	3.09	1850	-2.3%	-4.2%	-£3.91m
Dicom Group	R	£9.50	£202.11m	30.6	1.29	2912	0.8%	16.1%	£1.60m
Dimension Data	R	£0.33	£439.65m	-	0.34	58	-10.9%	-13.8%	-£53.67m
DRS Data & Research	SP	£0.39	£13.31m	27.9	0.92	350	-11.5%	-6.1%	-£1.73m
Earthport	SP	£0.01	£7.25m	-	7.83	9	0.0%	-21.9%	£0.00m
Easyscreen	SP	£0.15	£14.32m	-	6.49	88	1.7%	0.0%	£0.24m
Eidos	SP	£0.64	£91.44m	-	0.54	3211	9.8%	-19.7%	£8.10m
Electronic Data Processing	SP	£0.79	£19.28m	30.3	2.22	2419	-5.4%	6.0%	-£1.10m
Empire Interactive	SP	£0.09	£6.19m	-	0.25	152	10.6%	-8.8%	£0.59m
Epic Group	CS	£0.76	£18.11m	18.0	2.48	719	-2.6%	-18.4%	-£0.36m
Eurolink Managed Services	CS	£0.63	£221.13m	53.0	30.04	625	58.2%	71.2%	£81.37m
Fastfill	SP	£0.09	£17.05m	-	6.43	73	-4.1%	37.3%	-£0.72m
Financial Objects	SP	£0.46	£12.80m	-	1.35	200	-11.5%	-10.7%	-£1.67m
Flightstore Group	SP	£0.01	£0.90m	-	3.30	82	-52.0%	-52.0%	-£0.98m
Flomerics Group	SP	£0.70	£10.25m	18.0	1.00	2692	7.7%	5.3%	£0.73m
Focus Solutions Group	SP	£0.29	£7.92m	-	1.47	146	-3.4%	-27.8%	-£0.28m
GB Group	SP	£0.31	£24.85m	-	2.09	200	-13.3%	22.8%	-£3.79m
Gladstone	SP	£0.23	£11.63m	19.2	1.35	581	-19.8%	2.2%	-£2.89m
Glotel	A	£0.99	£37.66m	29.0	0.42	512	-5.7%	-3.4%	-£2.28m
Gresham Computing	CS	£2.85	£141.51m	-	13.87	3065	-7.3%	3.3%	-£11.17m
Group NBT	CS	£1.34	£25.88m	20.9	3.37	670	4.7%	29.5%	£1.16m
Harrier Group	CS	£0.15	£4.47m	11.6	0.50	119	15.1%	-19.7%	£0.59m
Harvey Nash Group	A	£0.75	£47.01m	-	0.36	429	-12.8%	-17.1%	-£6.90m
Highams Systems Services	A	£0.06	£1.83m	-	0.17	160	-28.1%	4.5%	-£0.72m
Horizon Technology	CS	£0.79	£57.14m	19.0	0.28	291	-4.8%	1.9%	-£3.27m
I S Solutions	CS	£0.14	£3.41m	-	0.57	512	0.0%	-5.2%	£0.00m
ICM Computer Group	CS	£3.74	£77.95m	25.3	1.01	2078	-8.8%	-8.8%	-£7.38m
IDOX	SP	£0.10	£17.74m	41.3	3.97	12	-15.6%	-14.6%	-£3.27m
INCAT International	SP	£1.49	£36.05m	-	0.56	931	-5.1%	-3.6%	-£1.94m
In Technology	CS	£0.51	£71.26m	-	0.45	2020	-8.2%	-33.6%	-£6.29m
Innovation Group	SP	£0.45	£195.35m	-	3.34	194	-7.3%	28.1%	-£15.36m
Intelligent Environments	SP	£0.04	£6.34m	-	2.38	44	-5.7%	-34.0%	-£0.38m
Interactive Digital Solutions	SP	£0.02	£3.44m	-	14.2	690	-9.2%	6.2%	-£0.35m
Intercede Group	SP	£0.20	£9.82m	-	5.4	325.0	5.4%	5.4%	£0.50m
Invu	SP	£0.20	£18.49m	-	9.26	2053	0.0%	-15.2%	£0.32m
IQ-Ludorum	SP	£0.01	£1.00m	-	0.40	17	-9.1%	-18.0%	-£0.10m
iSOFT Group	SP	£3.48	£792.64m	114.9	5.31	3164	-1.5%	0.9%	-£13.44m
iTrain	SP	£0.07	£5.71m	-	6.67	85	-6.5%	-10.8%	-£0.39m
K3 Business Technology	SP	£0.95	£12.58m	9.5	1.80	722	1.1%	-10.0%	£0.13m
Kewill	SP	£0.65	£51.16m	19.7	2.31	1285	0.0%	13.5%	£0.00m
Knowledge Technology Solutions	SP	£0.06	£8.53m	-	53.29	1150	-24.6%	4.5%	-£2.78m
LogicaCMG	CS	£1.77	£1,329.12m	93.2	0.78	2424	-2.2%	-8.2%	-£30.04m
Lorien	A	£0.66	£12.29m	9.6	0.10	660	-5.7%	25.7%	-£0.74m

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Mar-05	Capitalisation 31-Mar-05	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Mar-05	Share price move since 28-Feb-05	Share price % move in 2005	Capitalisation move since 28-Feb-05
Macro 4	SP	£2.85	£52.95m	50.8	1.69	1147	5.2%	55.9%	£2.61m
Manpower SoftWare	SP	£0.24	£10.45m	-	2.03	242	-14.5%	-25.4%	-£1.78m
Marlborough Stirling	SP	£0.41	£93.59m	-	0.82	295	47.3%	16.2%	£30.06m
Maxima Holdings	CS	£1.60	£19.10m	-	1.54	1164	-6.4%	63.3%	-£0.88m
Mediasurface	CS	£0.16	£12.04m	-	2.01	1158	10.5%	110.0%	£1.15m
Microgen	CS	£0.75	£76.43m	-	1.80	318	8.8%	31.9%	£6.84m
Minorplanet Systems	SP	£0.04	£6.32m	-	0.07	87	-32.0%	0.0%	-£2.98m
Misys	SP	£2.22	£1,153.59m	-	1.14	2756	-2.9%	5.9%	-£35.65m
Mondas	SP	£0.17	£4.44m	-	1.12	227	3.0%	-8.1%	£0.13m
Morse	R	£1.08	£162.33m	-	0.42	430	-4.9%	12.0%	£12.74m
MSB International	A	£0.69	£14.15m	51.1	0.21	363	-2.1%	-16.9%	-£0.31m
NCC Group	CS	£2.54	£82.81m	-	5.41	1521	1.2%	31.9%	£0.98m
Ncipher	SP	£2.53	£69.26m	27.4	4.86	1010	4.1%	19.7%	£4.01m
Netcall	SP	£0.23	£14.80m	-	6.13	455	-10.9%	18.4%	-£1.80m
Netstore	CS	£0.42	£40.91m	37.2	2.88	280	-5.1%	11.3%	-£2.19m
Northgate Information Solutions	CS	£0.68	£335.48m	-	2.46	261	2.3%	5.0%	£7.43m
NSB Retail Systems	SP	£0.27	£93.92m	-	2.07	2304	-8.6%	0.0%	-£8.37m
OneclickHR	SP	£0.03	£4.83m	-	1.01	81	-16.1%	-7.1%	-£0.93m
Parity	A	£0.06	£18.04m	24.9	0.10	1042	-28.6%	-36.7%	-£7.22m
Patsystems	SP	£0.16	£24.07m	-	2.04	152	-4.4%	32.7%	-£1.10m
PC Medics Group	CS	£0.01	£1.75m	-	1.51	236	4.0%	0.0%	£0.07m
Phoenix IT	CS	£2.74	£160.43m	-	2.75	1016	-5.4%	0.1%	-£15.94m
Pilat Media Global	SP	£0.44	£21.98m	16.9	2.33	2175	6.1%	17.6%	£1.28m
Pixology	SP	£1.50	£30.00m	-	11.86	1075	-10.4%	-21.7%	-£3.50m
Planit Holdings	SP	£0.22	£20.16m	22.0	0.99	917	-15.4%	-8.3%	-£3.66m
Prologic	CS	£0.68	£6.75m	-	0.89	813	-4.9%	-12.9%	-£0.35m
PSD Group	A	£2.73	£68.11m	37.3	1.60	1239	-4.4%	4.8%	-£3.12m
QA	CS	£0.04	£10.03m	-	0.33	16	0.0%	12.0%	£0.00m
Quantica	A	£0.60	£24.39m	18.0	0.93	484	-1.6%	29.0%	-£0.41m
Raft International	SP	£0.10	£6.45m	-	0.89	155	-10.3%	14.7%	-£0.74m
Red Squared	CS	£0.10	£2.76m	-	1.63	536	18.2%	8.3%	£0.43m
Retail Decisions	SP	£0.32	£91.28m	29.7	2.88	425	-7.4%	10.5%	-£7.59m
RM	SP	£1.85	£167.34m	41.9	0.78	5271	4.8%	6.3%	£9.47m
Royalblue Group	SP	£5.93	£193.63m	24.8	3.24	3485	8.7%	33.1%	£15.52m
Sage Group	SP	£2.01	£2,579.63m	20.3	4.60	77404	-2.5%	-0.5%	-£74.76m
Sanderson Group	SP	£0.67	£26.89m	-	1.74	1023	-1.5%	9.0%	-£0.40m
SDL	CS	£1.19	£66.53m	-	1.06	793	-14.7%	-11.2%	-£11.46m
ServicePower	SP	£0.29	£21.00m	-	5.11	285	-3.4%	-16.2%	-£0.74m
Sirius Financial	SP	£0.89	£15.37m	-	0.75	590	0.0%	6.0%	£0.00m
SiRViS IT plc	CS	£0.08	£9.55m	-	3.0	72.8	-2.9%	36.7%	-£0.29m
smartFOCUS plc	SP	£0.09	£6.91m	-	3.2	1013.5	-1.3%	3.8%	-£0.09m
Sopheon	SP	£0.29	£32.93m	-	4.89	410	-5.0%	20.0%	-£1.73m
Spring Group	A	£1.05	£164.31m	14.9	0.47	1161	0.5%	13.6%	£0.79m
StatPro Group	SP	£0.47	£15.54m	8.9	1.71	588	5.6%	40.3%	£0.84m
Stilo International	SP	£0.03	£2.59m	-	1.25	58	-23.3%	-36.1%	-£0.79m
Superscape VR	SP	£0.46	£56.53m	-	51.4	229.8	-7.1%	-23.5%	-£5.40m
SurfControl (was JSB)	SP	£6.28	£189.06m	42.7	3.95	3138	-2.7%	14.1%	-£6.78m
Systems Union	SP	£1.21	£129.38m	30.1	1.24	927	9.5%	4.3%	£11.27m
Tadpole Technology	SP	£0.07	£26.25m	-	5.43	169	0.0%	-30.0%	£0.01m
Telecity	CS	£0.21	£55.78m	-	2.37	26	6.5%	9.3%	£3.40m
Tikit Group	CS	£1.83	£23.15m	38.9	1.95	1591	8.0%	14.0%	£2.16m
Torex Retail	SP	£1.14	£210.91m	-	21.30	2838	9.7%	49.8%	£20.78m
Total Systems	SP	£0.54	£5.68m	15.5	1.48	1018.9	2.9%	0.9%	£0.16m
Touchstone Group	SP	£1.14	£12.62m	-	0.89	1086	22.6%	22.6%	£2.32m
Trace Group	SP	£0.80	£12.15m	15.7	0.79	640	0.0%	-0.6%	£0.00m
Triad Group	CS	£0.51	£12.99m	33.6	0.36	378	-1.9%	-11.3%	-£0.25m
Tribal Group	CS	£1.41	£105.70m	-	0.57	855	5.2%	-2.1%	£5.25m
Ultima Networks	R	£0.02	£4.60m	14.1	2.27	55	38.5%	20.0%	£1.28m
Ultrasis Group	SP	£0.01	£11.65m	-	13.26	27	67.7%	288.1%	£4.71m
Universe Group	SP	£0.18	£10.72m	-	0.25	778	-22.2%	-13.6%	-£3.06m
Vega Group	CS	£1.88	£38.26m	26.5	1.08	1541	-4.3%	-3.6%	-£1.73m
VI group	SP	£0.12	£4.56m	-	0.52	245	2.1%	-14.0%	£0.09m
Vianet	CS	£0.08	£10.13m	-	26.89	63	42.9%	30.4%	£3.38m
Wealth Management Software	SP	£0.11	£5.46m	-	0.75	87	-15.1%	-6.2%	-£0.97m
Workplace Systems	SP	£0.16	£22.19m	-	2.08	0	0.0%	-8.8%	-£5.80m
Xansa	CS	£0.96	£326.02m	8.8	0.78	2449	0.0%	2.7%	-£1.39m
XKO Group	SP	£0.84	£23.00m	-	0.54	557	3.1%	15.2%	£0.69m
XN Checkout Holdings	SP	£2.37	£64.05m	24.4	3.50	2418	0.2%	57.5%	£0.14m
Xpertise Group	CS	£0.01	£4.28m	-	0.32	41	13.9%	36.7%	£0.52m

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

A MONTH OF DOWNS ALL ROUND

Across the indices we follow, the month of March produced a sea of red in terms of share value performance. The hardest hit was AIM, which suffered a drop of almost 5%. Our own Ovum index of software and IT services companies did not escape the declines and finished the month down 1.8% on February. Most notable was the 9.8% drop in the value of shares in staffing agencies. Parity's 29% decline contributed to this significantly. The company twice delayed its full year results during the month.

More generally, many of the 'leading' losers this month were the smaller players within the Ovum Index. Flightstore, for instance, registered a 52% decline in share price value. However, the larger companies were not immune to the declines with Dimension Data (–11%) and Autonomy (–8.5%) among those to fall.

31-Mar-05		
	S/ITS Index	5279.65
	FTSE IT (SCS) Index	492.48
	techMARK 100	1134.20
	FTSE 100	4894.40
	FTSE AIM	1088.80
SCSI Index =1000 on 15th April 1989	FTSE SmallCap	2907.27

Changes in Indices	S/ITS Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/03/05 to 31/03/05)	-1.81%	-1.49%	-3.49%	-2.37%	-4.96%	-1.14%
From 15th Apr 89	+427.97%	+138.33%				
From 1st Jan 90	+473.81%	+107.21%				
From 1st Jan 91	+645.85%	+126.55%				
From 1st Jan 92	+405.30%	+96.32%				
From 1st Jan 93	+231.31%	+71.94%				+109.56%
From 1st Jan 94	+216.23%	+43.18%				+55.58%
From 1st Jan 95	+252.17%	+59.66%				+66.47%
From 1st Jan 96	+133.77%	+32.66%	+43.71%		+14.20%	+49.74%
From 1st Jan 97	+97.19%	+18.84%	+24.00%		+11.55%	+33.17%
From 1st Jan 98	+73.96%	-4.69%	+18.89%	-50.75%	+9.76%	+25.68%
From 1st Jan 99	+33.95%	-16.80%	-22.10%	-65.94%	+35.83%	+40.39%
From 1st Jan 00	-53.97%	-29.38%	-69.99%	-86.75%	-43.66%	-6.15%
From 1st Jan 01	-36.94%	-21.34%	-55.79%	-74.73%	-24.27%	-8.67%
From 1st Jan 02	+10.04%	-6.19%	-22.98%	-41.67%	+21.27%	+12.72%
From 1st Jan 03	+94.62%	+24.21%	+74.82%	+44.75%	+80.59%	+59.69%
From 1st Jan 04	+12.90%	+9.33%	+11.74%	-2.21%	+30.33%	+17.46%
From 1st Jan 05	+7.19%	+1.66%	-5.20%	+1.38%	+8.25%	+5.41%

End Mar 05	Move since 1/1/99	Move since 1/1/00	Move since 1/1/01	Move since 1/1/02	Move since 1/1/03	Move Since 1/1/04	Move Since 1/1/05	Move in Mar 05
System Houses	24.6%	-51.4%	-34.7%	17.7%	134.5%	22.2%	11.4%	1.3%
IT Staff Agencies	-67.6%	-71.8%	-55.1%	-19.0%	21.8%	-20.1%	1.1%	-9.8%
Resellers	96.5%	-5.4%	25.2%	39.3%	88.4%	-1.7%	8.3%	5.2%
Software Products	78.8%	-57.0%	-68.8%	0.6%	66.6%	2.7%	5.5%	-3.0%
Holway S/ITS Index	34.0%	-54.0%	-36.9%	10.0%	94.6%	12.9%	7.2%	-1.8%

Two of the most notable gainers during March were Eurolink Managed Services and Marlborough Stirling. The impressive hike in value of their shares was for very different reasons though. Right at the end of the month, Eurolink announced a raft of contracts with customers including IBM UK and Legal & General Assurance Society. The new contracts are expected to add in excess of £5m to annual turnover. As a result, Eurolink saw its share price gain 58% to hit 63p at the end of March.

Marlborough Stirling, meanwhile, is set to be bought by the United Utilities subsidiary, Vertex, for £95m. Its shares gained 47% to hit 41p at the end of the month. Another notable gainer was web content management provider, Mediasurface. The company inked new deals with the Home Office and existing customer Ofcom. Both deals involve the company's Morello product and are worth a combined total "in excess of £400k".

More details on these and many other IT services companies can be found on the *Hotnews* online service. *(Kate Hanaghan)*

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