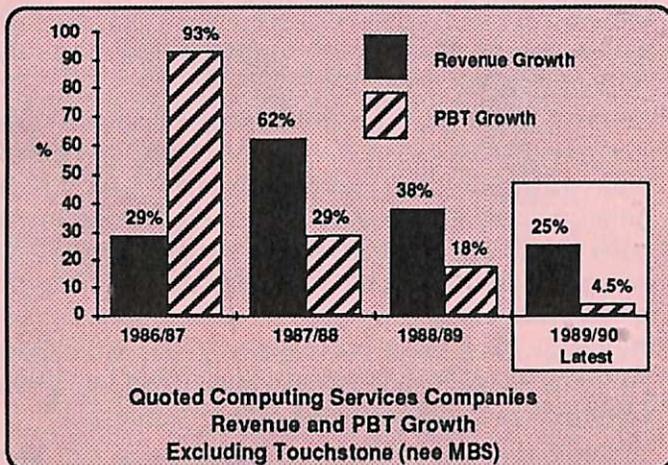


# System House

The monthly review of the financial performance of the UK computing services industry  
 Volume 2 Number 4 Available by subscription only February 1991

## Acquisitive companies dominate loss makers

Our analysis of all the latest results declared for 1990 continues to show a major reduction in profits growth.



However, as with most averages, this disguises some excellent performances and many dismal results. Closer analysis shows a consistent theme.

**Most of the best performing companies have engaged in few, if any, acquisitions whereas all the worst performers were the most prolific purchasers in the periods 1988 to 1990.**

The list of best performing companies in 1990 ought to be headed by **Quotlent**, which returned to profit, and **NMW** which made a massive 500% increase in EPS as it started its recovery. Neither company has engaged in acquisitions. However, we believe the most meaningful Top Five by EPS growth for results declared so far are:

Rank	Company	EPS growth	Latest PBT	For period:
1	Micro Focus	+176%	£7.13m	Interim to July 90
2	ACT	+116%	£5.36m	Interim to Sept 90
3	EDP	+106%	£2.10m	Final to Sept 90
4	Sage	+52%	£4.73m	Final to Sept 90
5	Admiral	+49%	£1.51m	Interim to June 90

To this list can be added excellent performances from **Instem** (EPS +33%), **Macro 4** (+19%) and **Rolfe & Nolan** (+25%). Alone amongst the largest UK systems houses, **Hoskyns** managed a very respectable 8% EPS growth.

With the exception of **ACT**, these best performing companies have undertaken only minimal acquisitions over the last three years. **ACT** acquired **ITL** and **DDT** in 1989 but disposed of their **Apricot** hardware operation in 1990. The rest have achieved their excellent results as a result of organic growth.

Conversely the worst performers in 1990 were:

Rank	Company	Latest Loss	For period:
1	Headland	In receivership	
2	SD-Scicon	Loss £9.8m	Interims to June 90
3	Star	Loss £2m	Final to June 90
4	LBMS	Loss £618K	Interims to Oct 90
5	Ferrari	Loss £390K	Interims to June 90

To this list can be added **Vistec** (94% reduction in EPS), **Logitek** (EPS down 92%), **Logica** (55% reduction in EPS) and **Sema** (6% EPS reduction). Even the best performing "multi acquisition" companies in 1989 took a bath. **SRH** managed to increase revenue by 113% but EPS remained static. **Misys** tripled revenue but, again, EPS was static and interim results due on 31st Jan 91 are likely to be even worse. **All these companies had been amongst the most active on the acquisitions front in the last three years.**

The evidence that acquisitions damage financial performance seems to be overwhelming. As the CEO of one of the UK's leading Corporate Finance companies recently said to us "Worldwide, throughout the IT sector, acquisitions have usually been bad for the shareholders of the purchaser. Often, the only benefactors have been the shareholders of the acquired companies".

But, in the face of this damning evidence, our industry continues to acquire at a frenetic pace. Our **Review of Acquisitions in 1990** (see page 12) shows a 70% increase in the number of acquisitions involving UK CSI companies in 1990. Many, we feel sure, will create problems in the future.

If you are still hell bent on the acquisitions trail, we strongly recommend that you consider the following points:

- Don't acquire any company for a consideration greater than 20% of your current capitalisation. That's not to say that the acquisition will be successful but it is less likely to effect your overall performance if it fails to live up to expectations. **Hoskyns**, **Kewill**, **Admiral** and **Sanderson** have done well following this rule.

- Don't buy companies that are in a mess and losing money - "Bad apples often turn the whole barrel bad".

- Management is key. Your own management will be diverted from their core tasks (as Systems Designers found to their cost when they acquired **SCICON**). This often has dire consequences. Motivation of the management of the acquired company, who you have made rich, will change.

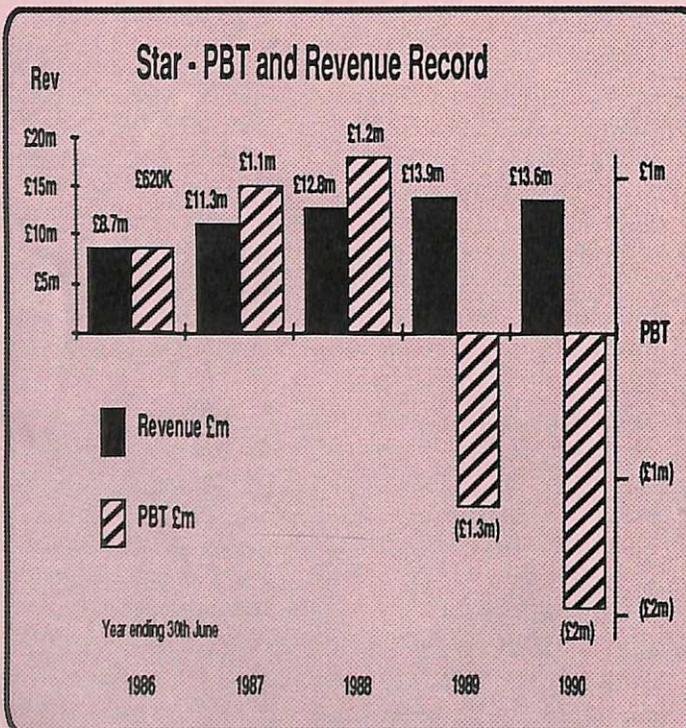
Beware.....

## Star in black hole

Star Computer Group plc has been an abysmal performer. Given that its UNIX based market has been one of the bright spots of the last two years, you can only attribute their awful performance to misguided acquisitions and extremely bad management.

Latest results for the full year to June 1990 (yes - they really have only just announced them and they are still headed "Preliminary - Unaudited") show an increased loss of £2m (1989 loss restated as £1.26m) on revenues down 2.6% at £13.6m. Interest payments increased from £224K to £392K which infers at least £2.5m of borrowings.

Last year, Star appointed Singer Whitaker as financial advisers. Michael Whitaker is well on the way to a System House Disaster Man Award judging by his other activities with Ferrari and Telecomputing. But, to be fair, he was not involved in sowing the seeds of the current problems when Star acquired Connect Data, Pinnacle, Summit and United Health in 1988/89.



Now Star is adding to the growing list of divestments in our industry. United Health has been sold to ICL and "Action is being taken to dispose of the cabling companies". But it seems remarkable that "the board has taken a decision in principle to dispose of the group's hardware maintenance business, Star Computer Services, to an MBO". Star's major competitor is TIS (now owned by Misys). Misys selling TIS Maintenance would be akin to Britain selling the crown jewels. Anyway, shareholders would need their heads examining if they thought that Star's maintenance operation would realise the same price in an MBO as in a trade sale.

Clearly, Star needs the cash. Although "the board believes this will bring a return to profits in the coming year", selling the family silver can hardly be a good sign. Perhaps the best conclusion for Star (or at least its beleaguered shareholders) is a complete disposal - and there would be no shortage of bidders if "the price is right".

**Where will Whitaker turn his attentions next?**

## Last chapter in Touchstone nightmare?

If it wasn't so serious, Touchstone (nee MBS) would make an excellent plot for a TV soap. MBS had a capitalisation of £100m in August 1987 and has raised £40m from shareholders since 1986. On 1st Jan 1991 their capitalisation was just £7m.

This month the last chapter unfolded. The Sunday Telegraph revealed on 7th Jan that Touchstone and Ferrari were in merger talks which were confirmed when the Stock Exchange opened on the Monday. You may remember that previous talks had been abandoned in Nov 1989 with Ferrari's Bob Woodland refusing to disclose financial information saying "I'm not going to teach (MBS) any tricks...they lost £18m in the last 18 months not me". Well, Ferrari has since lost £390K in the six months to June 90. The perverse logic behind this merger seemed to be that Touchstone had £8.5m cash and Ferrari had high borrowings. As one industry competitor said satirically "they truly deserve one another".

On the same Monday, investment group Stratagem made a hostile all share bid for Touchstone at 4.5p (the shares were 4p at the time) valuing Touchstone at £5.6m. Stratagem said that it would "reduce central overheads, put a stop to any further costly acquisitions and inject a sense of reality more in keeping with the modest size and present profitability".

Then A Brown & Sons, the investment company headed by "asset stripper" John Bentley announced that it was considering a cash and shares bid for Touchstone.

Touchstone rejected the "unsolicited take-over bid" from Stratagem on 14th Jan, saying "it has no commercial or financial merit for shareholders". But, by then, the shares had risen by over 50% (to 6.25p). Stratagem had obtained 25.2% of the ordinary shares and 30.6% of the loan stock.

Then, on 18th Jan, Touchstone announced a £7.55m recommended cash offer from the Dutch CSI company, Getronics; offering 6p per share and £32 for each £100 nominal loan stock. Touchstone's Chairman, David Ewart, said "We are very pleased. It's a fair offer". But Stratagem turned up the vitriol saying this was "an alarming admission by the (Touchstone) board of its complete and abject failure as stewards of the interests of shareholders and has been motivated by panic at the obvious high level of institutional support for the Stratagem bid". "This cash only exit...might be the low point in Touchstone's sad history". As we go to press, the last page in this wholly unhappy saga has yet to be written.

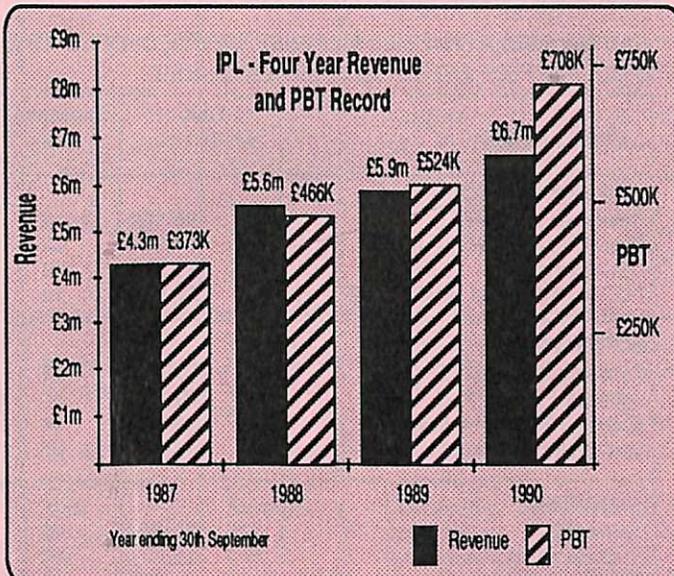
## NMW on the up and up

In a letter to shareholders, NMW reported that its profit improvement for the first half of 1990 (PBT £210K) had "continued to date". Even more impressive "the company is now cash positive having repaid all bank borrowings". NMW's overdraft was £2.7m in 1988 and they started 1990 with a £1.4m overdraft. Clearing that in a year is major testimony to NMW's cash generating abilities.

John Butler, from GE Information Services, joins the board to head up the FM division. NMW's FM revenues have quadrupled in 1990; reducing dependence on the securities industry. Shares have risen 10% since and Specialist Computers is continuing to build on its 12% stake. Note - Richard Holway is an NED of NMW.

## IPL posts excellent profits growth

IPL (Information Processing Ltd) designs and implements complex real-time systems for aerospace, defence and industrial applications. Latest results to Sept 90 show a 13% increase in revenue to £6.7m and profits up 35% at £708K. The record to date, although not "exciting", has shown consistent growth; particularly in profit margins which are now a very healthy 10.6%.



Net assets increased by 76% to £2.8m. Bank borrowings halved to £459K. "At the year end the order book was sufficiently strong that the directors agreed to a substantial recruitment programme for the financial year 90/91. Targets for 90/91 are revenues in excess of £8.5m and total staff of 250". It's rare to hear bullish statements like that nowadays.

## Trendell takes on Synapse

Jeff Trendell was appointed as Group MD of Synapse on 27th Nov 90 after purchasing ex-Chairman Bill Williams' 24.5% stake at 122.5p per share. Trendell, an accountant by training, was chairman of Insight, negotiated its sale to Hoskyns in 1989 and then became chairman of Data 3 in the US.

Before meeting Trendell, we expected a flamboyant character but found a serious man with sound principles. He admits that he is not a "technocrat" - he's more interested in the bottom line and cash generation. Synapse lost £332K last year and he sees the main task for this year, which ends on 31st July 91, as "consolidation".

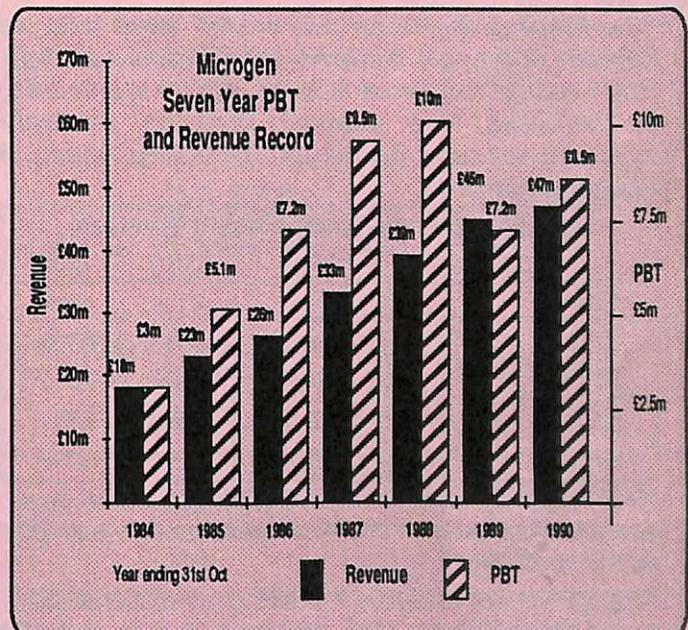
He is fortunate in inheriting a company that makes nearly £8m of its £10.2m revenue from its core business with much of that coming from support contracts. Those long term client relationships are important for Trendell who insists on meeting at least four customers a month. But he also took on a company with "no real strategy". In the medium term, Synapse's existing, but small, software FM operations will be developed alongside expansion into Europe.

Trendell seems to be good news for Synapse and his involvement has already been good for shareholders (the share price has risen by over 30%) and we see no reason why this should not continue.

## Recovery continues at Microgen

1989 was not the best of years for computer output bureau, Microgen. A 28% decline in PBT to £7.2m was bad enough but they also had to make a provision of £839K because of a "deliberate and systematic fraud". This month, their ex-MD, Andrew Browning, was jailed for three years after pleading guilty to charges of theft and attempting to obtain the execution of valuable securities by deception. "After the 1987 stock market crash, Browning lost everything and began to steal from his company to gamble on the stock market in an effort to make good his losses but plunged deeper into debt.... Now he lives in rented accommodation and is on social security". Source - The Times 12th Jan 91.

But Microgen seems to be on the road to recovery. Results for the full year to Oct 90 show PBT up 18% at £8.5m on revenues up 5% at £47.1m. EPS improved by 22%.



In the last year, Microgen has disposed of its Imagen and Equipment and Supplies businesses as well as acquiring the COM businesses of Microscribe and Hoskyns. These acquisitions had little effect on the latest results but "should contribute about £3m to turnover in a full year".

Cash has improved by £1.6m "leaving the company with net borrowings of only £33K". Microgen has a high level of repeat business which has helped in these difficult times. "Although the current economic conditions must have an impact on our growth, the acquisitions will start to contribute this year and further acquisitions will be pursued". Chairman, Patrick Barbour, forecasts "solid, sustained growth".

## "It seemed a good idea at the time...."

So said a spokesman for Singer & Friedlander in the Daily Telegraph on 8th Jan 91. S&F has a 49% stake in Ferrari and has seen the value of their stake decline by at least £14m. Before that, S&F results had suffered an 11% PBT fall to June 90 - their first fall in ten years.

Singer Whitaker is 50% owned by S&F and is described as a "finance boutique". Personal experience shows that "boutiques" are always bad for the bank balance. It is difficult to find any recent Michael Whitaker involvements which have been anything other than disasters. Eg Star and Telecomputing. It gives advisers a bad name!

## Roger Graham speaks

Recently Roger Graham, Chairman and MD of the BIS Group, addressed the CSA market research group with his views of the computing services industry - a rerun of his presentation to the World Computing Services Industry Congress in Washington.

*"When we look at the prognosis for developments in the 1990s, we see the US continuing to lead the world industry, but with the rate of growth predicted to be higher in the rest of the world".*

Market	Size 1987	% world	Size 1992	% world	Annual Gr.
United States	\$64.1b	54%	\$137.8b	49%	17%
W. Europe	\$31.0b	26%	\$75.9b	27%	20%
Japan	\$17.5b	15%	\$50.0b	18%	23%
Rest of World	\$5.5b	5%	\$16.0b	6%	24%
Global Total	\$118.1b	100%	\$279.7b	100%	19%

Source: INPUT

*"The following illustration puts in stark terms what we basically know, that hardware manufacturers are very much a part of the service industry. If these figures are to be believed, they suggest that the hardware manufacturers are getting an increasing share of available revenues".*

% Revenue from Software and Services			
	1982	1987	1992
IBM	21%	27%	46%
DEC	28%	35%	50%
HP	20%	28%	50%
NCR	31%	35%	52%
Unisys	25%	32%	50%

*"Many partnership formulae will be tried; there will be co-operation, competition and downright hostility - and often on the same day".*

Acquisitions are favoured in building international skills-based organisations. *"But, and there is a big but, it is important to be sure about culture and environment and much else besides, because the old adage 'if you want to get a small software house, buy a big international one and wait' is all too often true...as far as product distribution is concerned, it would seem that an alliance, a partner, a distributor, would make sense in many cases".*

Roger Graham is widely respected in our industry. Copies of his talk are available from BIS, 20 Upper Ground, London SE1 9PN Tel: 071 633 0866.

***"The interim results are largely in accordance with our expectations...no trading revenue was projected for the period and none was received"***

A statement like that could only come from Proteus, the only 1990 CSI entrant to the Stock Exchange (May 90 at 84p). Proteus specialises in software for drug design. Interim losses for the 5 months to Sept 90 increased from £226K to £520K after net interest received of £107K.

But to be fair, shareholders were aware that investment would be heavy before a breakthrough was announced. Their BSE vaccine design is now entering the trials stage and other developments in AIDS, rubella, fertility control and herpes were announced. Chairman, Kevin Gilmore, says *"the future prospects are more buoyant than at any time in the past".* Shares fell 11% in Jan back to 85p.

## Surprise DTI statistics show growth

It is quite difficult to explain why the latest Business Monitor, produced by the Business Statistics Office of the DTI for Q3 1990, shows a 24% growth in billings compared to 17% in Q2. Every other statistic, including those from the CSA, shows decline. Consulting, bespoke software and bureau services showed below average growth but sales and support of software products grew by 33% and 44% respectively.

Numbers employed also increased by 8%, over Q3 1989, to 52,705 - up 2% on the previous quarter.

All figures £000	1990 3rd Quarter	Increase %
<b>BUREAU SERVICES</b>		
Database services	48,168	12
Value added network serv.	35,748	32
Other services	121,164	18
<b>TOTAL BUREAU SERVICES</b>	<b>205,080</b>	<b>19</b>
<b>SOFTWARE</b>		
Bespoke Software	190,224	19
Software Products	139,190	33
Software Support & Maint.	53,108	44
<b>TOTAL SOFTWARE</b>	<b>382,522</b>	<b>27</b>
<b>HARDWARE</b>		
Hardware	91,073	16
Hardware Maintenance	25,979	36
<b>TOTAL HARDWARE</b>	<b>117,052</b>	<b>20</b>
<b>PROFESSIONAL SERVICES</b>		
Consulting	95,947	10
Education & Training	24,855	20
Other unclassified	76,048	66
<b>TOTAL PROFESSIONAL SERVICES &amp; OTHER</b>	<b>196,850</b>	<b>28</b>
<b>TOTAL BILLINGS</b>	<b>901,504</b>	<b>24</b>

## Depressing times for Logitek

Back in July Logitek announced that it was *"confident that the coming year will be one of great opportunity...leading to increased earnings"*. Then on 9th Nov, the shares were suspended after a 20p fall to 56p which the company blamed on Henry Cooke Lumsden downgrading full year PBT forecasts from £5.2m to £3.8m. On 19th Nov, the board announced that *"PBT for the six months to 30th Sept is likely to be significantly below the £1.3m for the period last year, at around £500K"*.

Well even though the period had already ended when the last statement was made, Logitek's actual results were far worse. Revenue increased by 77% to £33.1m, PBT slumped to just £145K (down 89%) and EPS was down 92%. Net interest payable increased from £50K to £691K. Main problems seem to have been at Microtex and CSM Systems (a part of which was sold in Aug 90 giving rise to extraordinary costs of £259K). Staff have been cut by 50% in CSM's remaining systems operation.

It was also announced that Logitek had made a provision *"arising from a recent dispute with a major customer"* and that Mike Brooke, who only recently took up his position as Group MD, was resigning. Jim Pickup has assumed the role of Chairman and CEO.

No improvement is forecast for the second half. PBT forecast at just £650K. The shares have now fallen to just 12p (1990 high 143p). A thoroughly depressing picture; upsetting at least six years of exemplary performances.

**Richard Holway Limited - Results Service**

<b>Admiral plc</b>	Results Revenue PBT EPS	Interim - June 89 £7,221,000 £1,104,000 6.1p	Final - Dec 89 £15,971,000 £2,653,000 16.2p	Interim - June 90 £9,785,000 £1,511,000 9.1p	Interim Comparison +35.5% +36.9% +49.2%
<b>ACT plc</b>	Results Revenue PBT EPS	Interim - Sept 89 £56,435,000 £2,023,000 1.86p	Final - Mar 90 £140,712,000 £8,026,000 7.07p	Interim - Sept 90 £46,162,000 £5,364,000 4.01p	Interim Comparison -18.2% +165.2% +115.6%
<b>Butler Cox plc</b>	Results Revenue PBT EPS	Interim - June 89 £4,194,600 £633,800 8.1p	Final - Dec 89 £9,370,000 £1,324,095 16.43p	Interim - June 90 £5,239,100 £400,100 4.7p	Interim Comparison +24.9% -36.9% -42.0%
<b>Capita plc</b>	Results Revenue PBT EPS	Interim - June 89 £3,630,000 £560,000 4.4p	Final - Dec 89 £6,880,000 £1,300,000 10.39p	Interim - June 90 £9,167,000 £956,000 5.9p	Interim Comparison +152.5% +70.7% +34.1%
<b>Computer People plc</b>	Results Revenue PBT EPS	Interim - June 89 £32,400,000 £1,810,000 9.5p	Final - Dec 89 £69,919,000 £4,219,000 21.8p	Interim - June 90 £38,988,000 £2,138,000 11.25p	Interim Comparison +20.3% +18.1% +18.4%
<b>Electronic Data Processing plc</b>	Results Revenue PBT EPS	Final - Sept 89 £16,034,000 £1,040,000 8.45p		Final - Sept 90 £16,645,000 £2,100,000 17.38p	Final Comparison +3.8% +101.9% +105.7%
<b>Ferrari Holdings plc</b>	Results Revenue PBT EPS	Interim - June 89 (9 mons) £14,496,000 £604,000 2.9p	Final - Dec 89 (15 mons) £32,003,000 £1,419,000 6.6p	Interim - June 90 £27,503,000 (£390,000) (2.5p)	Not comparable due to different accounting periods
<b>Hoskyns Group plc</b>	Results Revenue PBT EPS	Final - Oct 89 £188,706,000 £15,229,000 12.0p (adjusted)		Final - Oct 90 £223,263,000 £17,253,000 13.0p	Final Comparison +18.3% +13.3% +8.3%
<b>INSTEM plc</b>	Results Revenue PBT EPS	Interim - June 89 £4,012,000 £382,000 5.32p	Final - Dec 89 £8,003,000 £885,000 12.9p	Interim - June 90 £5,349,000 £505,000 7.07p	Interim Comparison +33.3% +32.2% +32.9%
<b>Kewill plc</b>	Results Revenue PBT EPS	Interim - Sept 89 £8,064,000 £1,125,000 11.03p	Final - Mar 90 £17,107,000 £2,668,000 27.11p	Interim - Sept 90 £15,924,000 £1,513,000 12.02p	Interim Comparison +97.5% +34.5% +9.0%
<b>LBMS plc</b>	Results Revenue PBT EPS	Interim - Oct 89 £8,032,000 £513,000 2.7p	Final - Apr 90 £18,470,000 £450,000 2.3p	Interim - Oct 90 £9,643,000 (£618,000) (3.4p)	Interim Comparison +20.05% Profit to loss Profit to loss
<b>Logica plc</b>	Results Revenue PBT EPS	Final - Jun 89 £179,505,000 £18,835,000 20.0p		Final - June 90 £187,489,000 £9,011,000 9.0p	Final Comparison +4.5% -52.2% -55.0%
<b>Logitek plc</b>	Results Revenue PBT EPS	Interim - Sept 89 £18,723,000 £1,310,000 6.69p	Final - Mar 90 £59,580,000 £3,830,000 16.27p	Interim - Sept 90 £33,103,000 £145,000 0.52p	Interim Comparison +76.8% -88.9% -92.0%
<b>Macro 4 plc</b>	Results Revenue PBT EPS	Final - Jun 89 (amended) £13,131,000 £6,132,000 17.3p		Final - June 90 £14,775,000 £7,353,000 20.6p	Final Comparison +12.5% +19.9% +19.1%

## Richard Holway Limited - Results Service

Micro Focus plc	Results Revenue PBT EPS	Interim - July 89 £14,807,000 £2,459,000 12.4p	Final - Jan 90 £35,639,000 £8,223,000 37.4p	Interim - July 90 £23,298,000 £7,127,000 34.2p	Interim Comparison +57.3% +189.8% +175.8%
Microgen plc	Results Revenue PBT EPS	Final - Oct 89 £45,071,000 £7,179,000 11.1p		Final - Oct 90 £47,115,000 £8,504,000 13.5p	Final Comparison +4.5% +18.5% +21.6%
Misys plc	Results Revenue PBT EPS	Final - May 89 £25,386,000 £5,630,000 22.8p		Final - May 90 £76,741,000 £11,070,000 23.5p	Final Comparison +202.3% +96.6% +3.1%
MMT plc	Results Revenue PBT EPS	Final - Aug 89 £7,443,898 £2,151,953 12.8p		Final - Aug 90 £7,524,390 £1,865,165 10.4p	Final Comparison +1.1% -13.3% -18.8%
NMW Computers plc	Results Revenue PBT EPS	Interim - June 89 £4,663,000 £48,000 0.1p	Final - Dec 89 £9,119,000 £87,000 0.2p	Interim - June 90 £4,423,000 £210,000 0.6p	Interim Comparison -5.2% +337.5% +500%
P&P plc	Results Revenue PBT EPS	Interim - May 89 £79,850,000 £5,000,000 10.5p	Final - Nov 89 £168,869,000 £11,066,000 20.8p	Interim - May 90 £109,400,000 £6,800,000 11.7p	Interim Comparison +36.8% +36.0% +11.4%
P-E International plc	Results Revenue PBT EPS	Interim - June 89 £27,444,000 £2,429,000 9.4p	Final - Dec 89 £58,017,000 £5,622,000 21.1p	Interim - June 90 £32,381,000 £2,753,000 10.3p	Interim Comparison +18.0% +13.3% +9.6%
Pegasus plc	Results Revenue PBT EPS	Final - Jul 89 £10,873,000 £3,084,000 36.7p		Final - July 90 £13,039,000 £2,554,000 30.4p	Final Comparison +19.9% -17.2% -17.2%
Proteus plc	Results Revenue PBT EPS	Interim - Sept 89 £8,000 (£226,000) (1.4p) - 5 mons only	Final - Sept 89 £21,000 (£588,000) not available	Interim - Sept 90 £nil (£520,000) (2.44p) - 5 mons only	Interim Comparison n/a Loss both Loss both
Quotient plc	Results Revenue PBT EPS	Interim - June 89 £9,203,000 (£1,984,000) (10.73p)	Final - Dec 89 £19,095,000 (£1,577,000) (8.8p)	Interim - June 90 £9,924,000 £747,000 3.19p	Interim Comparison +7.8% Loss to profit Loss to profit
Radius plc	Results Revenue PBT EPS	Interim - May 89 £13,445,000 £1,015,000 2.5p	Final - Nov 89 £28,630,000 £2,000,000 4.74p	Interim - May 90 £14,521,000 £1,394,000 3.2p	Interim Comparison +8.0% +37.3% +28.0%
Rolfe & Nolan plc	Results Revenue PBT EPS	Interim - Aug 89 £2,250,000 £517,000 6.4p	Final - Feb 90 £5,460,000 £1,142,000 13.8p (adjusted)	Interim - Aug 90 £2,969,000 £661,000 8.0p	Interim Comparison +32.0% +27.9% +25.0%
Sage Group plc	Results Revenue PBT EPS	Final - Sept 89 £9,304,000 £2,911,000 12.6p		Final - Sept 90 £13,359,000 £4,731,000 19.2p	Final Comparison +43.6% +62.5% +52.4%
Sanderson Electronic plc	Results Revenue PBT EPS	Final - Sept 89 £12,008,000 £3,013,000 23p		Final - Sept 90 £14,259,000 £3,302,000 24.8p	Final Comparison +18.8% +9.6% +7.8%

## Richard Holway Limited - Results Service

<b>SD-SCICON plc</b>	Results Revenue PBT EPS	Interim - June 89 £143,771,000 £1,060,000 0.37p	Final - Dec 89 £283,304,000 £7,230,000 0.59p	Interim - June 90 £138,192,000 (£9,794,000) (6.16p)	Interim Comparison -3.9% Profit to loss Profit to loss
<b>Sema Group plc</b>	Results Revenue PBT EPS	Interim - June 89 £137,682,000 £7,124,000 4.8p	Final - Dec 89 £293,021,000 £17,457,000 11.6p	Interim - June 90 £189,921,000 £7,185,000 4.5p	Interim Comparison +37.9% +0.9% -6.3%
<b>Sherwood Group plc</b>	Results Revenue PBT EPS	Interim - June 89 £12,171,000 £580,000 7.7p	Final - Dec 89 £25,397,000 £2,024,000 25.0p	Interim - June 90 £12,249,000 £883,000 9.5p	Interim Comparison +0.6% +46.6% +23.4%
<b>Star plc</b>	Results Revenue PBT EPS	Final - Jun 89 (Restated) £13,927,000 (£1,261,000) (13.7p)		Final - Jun 90 £13,567,000 (£1,995,000) (27.2p)	Final Comparison -2.6% Loss both Loss both
<b>Synapse plc</b>	Results Revenue PBT EPS	Final - Jul 89 £9,074,050 £1,096,967 20.19p		Final - Jul 90 £10,226,373 (£331,919) (8.9p)	Final Comparison +12.7% Profit to loss Profit to loss
<b>Systems Reliability plc</b>	Results Revenue PBT EPS	Interim - June 89 £44,606,000 £3,022,000 6.21p	Final - Dec 89 £134,586,000 £7,863,000 12.76p	Interim - June 90 £95,345,000 £5,012,000 6.25p	Interim Comparison +113.8% +65.9% +0.6%
<b>Tele-computing plc</b>	Results Revenue PBT EPS	Interim - Mar 89 £1,310,000 (£332,000) (6.97p)	Final - Sep 89 £2,519,080 (£777,000) (16.47p)	Interim - Mar 90 £1,232,000 (£44,000) (0.99p)	Interim Comparison -6.0% Loss both Loss both
<b>Total Systems plc</b>	Results Revenue PBT EPS	Interim - Sept 89 £860,474 £39,865 0.29p	Final - Mar 90 £1,777,084 (£6,722) (0.08p)	Interim - Sept 90 £966,765 £19,949 0.13p	Interim Comparison +12.4% -50.0% -55.2%
<b>Touchstone plc (was MBS)</b>	Results Revenue PBT EPS	Interim - Jul 89 £64,398,000 (£7,101,000) (7.0p)	Final - Dec 89 £77,317,000 (£4,817,000) (4.7p)	Interim - Jun 90 £9,809,000 (£66,000) (0.0p)	Interim Comparison Not comparable Loss both Loss both
<b>Trace plc</b>	Results Revenue PBT EPS	Final - May 89 £9,814,976 £1,709,233 9.96p		Final - May 90 £13,933,504 £1,807,644 10.49p	Final Comparison +42.0% +5.8% +5.3%
<b>Vistec Group plc</b>	Results Revenue PBT EPS	Interim - Oct 89 £17,362,000 £1,117,000 0.7p	Final - Apr 90 £36,048,000 £1,580,000 0.92p	Interim - Oct 90 £13,908,000 £78,000 0.04p	Interim Comparison -19.9% -93.0% -94.3%

### Systemhouse suffers too

One of our many overseas subscribers, the Canadian **Systemhouse** (no relation), seems to be suffering like its UK counterparts. Systemhouse lost C\$40.6m in its last financial year on revenues of C\$700m. Its shares have dived by over two thirds in the last year. Now founder Chairman and CEO, Roderick Bryden, has been forced to step aside.

Systemhouse is a subsidiary of Kinburn Technology which defaulted on C\$816m in loans in March. It is understood that Kinburn's main creditors have been trying unsuccessfully to sell Systemhouse since that time. Source - FT 9th Jan 91.

### Reports of departure are premature

Last month we reported our surprise that **System Reliability's** (SRH), Robert Evans, has moved to Global. He has joined Global but has not quit as CEO of SRH. Quoting a MicroScope story (23/1/91) "he may well step down as CEO but stories saying he'll quit as chairman are nonsense...he borrowed £1m to invest in SRH stock at around £1 per share 18 months ago". SRH shares are now just 37p.

As we have said many times before, trading performance (for an acquisitive company like SRH) has been exemplary and satisfactory progress is still expected for the year. Perhaps Mr Evans should sit tight.

## Acquisitions, disposals and liquidations

### Harris Computer Developments goes under

It is with personal sadness that we report that Bristol based **Harris Computer Developments (HCD)** has appointed administrative receivers. The editor of *System House*, Richard Holway, served as a non-executive director until Dec 1989. HCD supplies a range of PICK based software products to the local authority market. However, its community charge product had run into some problems. Lincoln City and Glanford Borough "had not paid their annual licence fees amounting to around £100,000". It rented these products over a 5 year period which put a heavy strain on cash in the early years. In the end the banks and institutions, which included **3I**, refused to back them further.

We understand that, in the first few days, over a dozen companies had expressed interest in buying HCD and they could get a LA product portfolio at a knock down price. It is a great shame to see such hard work going for nought but is an example of the new tough line that the financial institutions are taking towards CSI companies.

### TECS sold to Pilot

In Jan 90, Thorn-EMI sold most of the old Altergo product range in an MBO led by Mike Crisp - formerly a director of **Thorn EMI Computer Software (TECS)**. Now the remaining parts of TECS, including the the Financial Control Systems product line of Decision Support Systems, have been sold for "an undisclosed sum" to **Pilot Executive Software** of Boston, Massachusetts. In March 90, TECS had net assets of £1.4m. In consideration for the sale, Thorn EMI Software will receive further shares in Pilot bringing its holding to 30%.

### Woodland rises again

Bob Woodland, the much quoted previous head of **Ferrari**, has bought **TPC Tristar** from the receivers - apparently paying just £75K for assets valued at over £750K, although the total price paid is around £200K after paying staff salaries. The financial services and training operation had revenues of nearly £5m pa.

### PA Consulting buys US consultancy

**PA Consulting Group**, one of "Britain's biggest general management consultancies", has acquired **Pugh-Roberts Associates** of the US for \$3.3m (£1.7m). Pugh-Roberts has revenues of \$25m and, amongst other activities, advises clients on technology strategy.

### French frogmarch on

**Sogeti SA**, the holding company of **CGS**, has acquired a majority stake in the US management consultancy, the **Mac Group**. Mac had sales of \$75m last year and analysts have said the consideration could be worth up to \$100m. A new consulting group will be created comprising the Mac Group, **United Research** (US, acquired in 1990, which has revenues of \$80m), **Gamma International** (French with annual revenues of \$23m) "and other consulting firms that will be acquired by Sogeti".

CGS acquired Hoskyns in 1990 and Mac is the fourth big international acquisition for Sogeti in a year.

**The others...** **Data Dynamics**, the multi user system manufacturer, has acquired the assets and stock of **Jarogate**, which went into administrative receivership in Nov 90 with debts of £750K. Multiuser system supplier, **Verssys**, has appointed the administrative receivers. 45 people have already lost their jobs but discussions are "well advanced" with **Datasystems Electronics** to take over Verssys' servicing contracts. Somerset based, **One Stop Computer Software**, formerly known as the **Computer Rack**, has been placed in administrative receivership. London based maintenance and IBM dealer, **New Time Computers**, has also appointed the receivers. **Beacontree Technology** was sucked under when **Computer Options** failed in Oct 90 with £2m in debts (see SH Nov 90). Now the managers have regrouped in a start up operation, **Beacontree CAD Associates**, providing CAD consultancy, training and support in partnership with Apple dealer, **Thames Valley Systems**. Maintenance company, **LCE**, has bought the 800-strong client list of **PAP Group**, which went into receivership in Dec 90. **Dilog Computer Products** has sold its TPM operations to **Sorbus UK** (a subsidiary of Bell Atlantic) for an undisclosed sum. **SBS Group** has acquired US contract IT staff company, **Euro Systems International**, for an undisclosed sum. Wang software house, **SOS**, has acquired the DEC activities of IBM mid-range agent, **Target**. Target made around 40 staff redundant in the latter part of 1990. **Morgan Grenfell** is trying to find a buyer for its unused £3m computer centre in Milton Keynes. The Sunday Times (20/1/91) reported that reinsurer, **Swiss Re**, is "raising around £2m by selling its 51% stake in **PCL**, a computing services business in Rickmansworth, to an MBO lead by Trevor Clarke". PCL had PBT of £65K in year to Sept 90. Receivers have been appointed at computer leasing company, **ICS**. Meanwhile, **DEC** has paid the administrators of **Atlantic** "an undisclosed sum to manage the leases of former customers". **Computer Sciences** has bought the French system house, **Molra Informatique**. The **British Technology Group (BTG)**, which has helped many in the industry, is to be privatised. It was reported that "**French giant Metrologie** is poised to mount a takeover bid for **Persona**". Source - MicroScope 23rd Jan 91. **Microvitec** has had a busy month acquiring **Silcom** (Canada - LAN systems), **PSI** (US - multimedia) and **Computer Investments** (UK - from the receivers), for "a minimal amount of hard cash".

### IBM and Radix

**IBM** has purchased the Stock Exchange's interest in **Radix** - the trading room system. The contract for the further development of the software has been awarded by **IBM** to **Hellx**, a part of **Marcol** itself owned by **Cray**.

### American Express buys Signet

**Silgos** has lost in its bid to buy **Signet**, Europe's largest credit card processing operation; owned by Nat West, Midland, Lloyds and the Royal Bank of Scotland. **EDS**, another major card processor, was said to have previously been "spurned by Signet shareholders".

**First Data Resources (FDR)**, an "arms length" subsidiary of **American Express**, secured the deal for a price "believed to be about £150m". Source - FT - 22/1/91

Yet another major UK IT operation falls into foreign hands.

## Only 20% beat FTSE 100

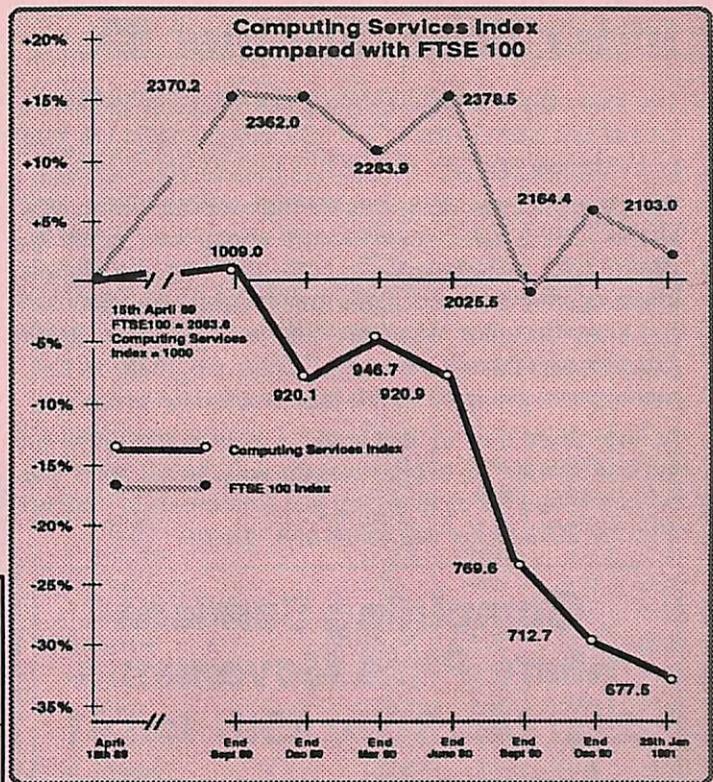
Now only 8 - or 20% - of the quoted CSI companies have outperformed the FTSE 100 index since April 89. Over 50% of companies have seen their share price halved.. Both Logitek and Ferrari have share prices under 7% of that in April 89.

Computing services companies were not the only poor performers. 95% of CSI companies are capitalised at less than £100m, so comparison with the Hoare Govett Smaller Companies Index is of interest. This fell 23.1% in 1990 - compared to a 22.5% fall over the same period in the System House CSI Index. "Never has the Smaller Companies Index underperformed the main index for three years in a row. It is hard to escape the conclusion that, although smaller companies may not have reached the bottom, they cannot have much further to fall". FT 26/1/91.

### Computing Services Share Price Index 25th Jan 91

Index Rank	15th April 1989 = 1000	Share Price 25/1/91	Index 25/1/91
1	Micro Focus ●	7.40	3574.88
2	Rolfe & Nolan ●	1.52	1795.56
3	Hoskyns ●	3.51	1712.19
4	Admiral ●	2.23	1615.94
5	Capita ●	1.58	1580.00
6	Sage Group ●	1.87	1438.46
7	Sema Group ●	4.43	1393.08
8	ACT ●	0.77	1232.49
9	Proteus ●	0.85	1011.90
10	Macro 4 ●	2.29	923.39
11	INSTEM ●	0.85	850.00
12	Sherwood ●	0.90	750.00
13	Electronic Data Processing ●	0.73	744.89
14	Kewill ●	1.75	691.70
15	Sanderson ●	1.27	540.43
16	P-E International ●	1.31	539.10
17	Microgen ●	1.23	525.64
18	Butler Cox ●	0.90	514.28
19	MMT ●	0.84	500.00
20	Trace ●	0.55	440.00
21	NMW ●	0.26	433.34
22	Computer People ●	1.05	432.10
23	Logica ●	1.55	424.66
24	Pegasus ●	1.55	422.35
25	Quotient ●	0.44	382.61
26	Vistec ●	0.09	371.48
27	Learmonth & Burchett ●	0.44	366.67
28	Synapse ●	1.05	362.07
29	P&P ●	0.77	345.29
30	SD-Scicon ●	0.25	320.51
31	Systems Reliability ●	0.40	320.00
32	Radius ●	0.43	311.59
33	Total ●	0.10	179.25
34	Misys ●	0.65	161.69
35	Telecomputing ●	0.15	161.29
36	Touchstone (was MBS) ●	0.07	138.30
37	Star ●	0.15	125.00
38	Logitek ●	0.12	69.30
39	Ferrari ●	0.08	65.31

Note: Index set at 1000 on 15th April 1989. Any new entrants to the market are allocated an index of 1000 based on the issue price.



### 1+1=?

You may remember the recent correspondence in The Times relating to answers you would get from different professions to the question 1+1=?. The reply from the accountant was "What do you want it to be?". After reading over 600 company reports per year, we are amazed at the enormous variations in accounting policies for similar businesses.

A recently published report from Robin Hickson of Arthur Andersen entitled "Accounting Policies in the UK Computer Software Industry 1990" cites the following example:

	Company A	Company B
Sales	£2340K	£1250K
PBT	£220K	(£875K)
Net Assets	£643K	(£375K)

"Although they appear to be dramatically different, these results could be reported simply by applying different, but commonly used, accounting policies to identical activities".

The Arthur Andersen survey found, for example, that just 30% of companies recognise licence sale revenue only on acceptance by the customer; the majority take the risk of recognition on signing the licence or delivery; 13.5% recognise all maintenance revenue when it is invoiced rather than spreading it over the period of the maintenance contract; 22% still capitalise software development costs where 31% write this off over 3 or more years. We reported on the quoted companies which still capitalised R&D in the Feb 90 issue of System House.

"The effect has been, and is, to distort comparisons of operating performance, making it harder to raise capital and the investment analyst's job becomes impossible". Over 90% of respondents believed formal guidance on the the issues would be helpful. We can but agree and would strongly advise all readers to get their free copy of the excellent report from Arthur Andersen (1 Surrey St, LONDON WC2R 2PS. Tel: 071 438 3938).

## Index down another 5%

The index lost a further 4.9% in the month compared to a loss of just 2.8% in the FTSE 100 index despite the start of war in the Gulf.

**Touchstone** (nee MBS) was the main winner - rising 18% as the various takeover bids were announced (see p 2). **NMW** also experienced a 13% gain on the bullish announcement likely of 1990 results (see p 2). **NMW** still has a capitalisation less than their net asset value. **Rolfe & Nolan** and **Sanderson** both gained marginally as they moved from the USM to the main market in January.

At the other end of the scale, **Logitek** lost 57% on announcement of interim results well below what the company had led us to expect just 2 months ago. **Ferrari** also fell 33% as the likelihood of a "merger" with

## Computing Services Index 25th January 1991

April 15th 1989 = 1000

# 677.52

**Touchstone** receded. **Ferrari** has a 29.8% stake in **Telecomputing** which also fell 29% in the month. **Ferrari** paid **Telecomputing's** **Bernard Panton** 87p per share - they now stand at just 15p. **Systems Reliability** (SRH) continued their steep fall - down 18% in the month. Other than the incorrect reports about **Robert Evans** leaving SRH, there seems to be no reason for this slide. **Quotient** also continued their decline - down a further 23% - on rumours of difficult trading.

We apologise to **P&P's** **David Southworth**. **Hoare Govett** had halved their profit estimates - from £16 to £8m - for **P&P's** 1991 results *not* for 1990. **Southworth** rejects this downgrading. **Southworth** is not a major fan of analysts "I now understand them - they treat their investments like a barrel of apples. When one rots they throw the lot out". We can think of many who would agree,

### Computing Services Share Price Movements 21st Dec 90 to 25th Jan 91

Rank		% Change 21/12/90 to 25/1/91	% Change 20/4/90 to 25/1/91	Historic P/E
1	Touchstone (was MBS)	18.18	-63.89	Loss
2	NMW	13.04	-16.13	130.00
3	Sanderson	5.83	-56.66	5.12
4	Microgen	3.36	12.84	9.11
5	Rolfe & Nolan	2.70	24.59	11.01
6	Sherwood	2.27	-37.93	3.60
7	Admiral	0.00	1.36	13.77
8	ACT	0.00	-9.41	10.89
9	Computer People	0.00	-60.82	4.82
10	Capita	-0.63	-5.39	15.21
11	Hoskyns	-1.13	1.45	27.00
12	Trace	-1.79	-46.60	5.24
13	Synapse	-1.87	-11.02	Loss
14	Learmonth & Burchett	-2.22	-62.39	19.13
15	Macro 4	-2.55	-22.64	11.12
16	Pegasus	-3.13	-47.10	5.10
17	SD-Scicon	-3.85	-68.35	n/a
18	Sage Group	-4.59	-0.53	9.74
19	Total	-5.00	-40.63	Loss
20	P-E International	-5.07	-48.43	6.21
21	Micro Focus	-5.49	32.62	19.79
22	INSTEM	-5.56	-5.56	6.59
23	MMT	-5.62	-48.47	8.08
24	Star	-6.25	-68.75	Loss
25	Logica	-7.19	-47.99	17.22
26	Electronic Data Processing	-7.59	8.96	4.20
27	Kewill	-10.26	-39.24	6.46
28	Radius	-10.42	-6.52	9.07
29	P&P	-10.47	-65.78	3.70
30	Proteus	-10.53	1.19	n/a
31	Sema Group	-11.58	-0.45	38.19
32	Misys	-14.47	-71.11	2.77
33	Vistec	-15.00	-37.04	9.24
34	Butler Cox	-15.89	-54.77	5.48
35	Systems Reliability	-18.37	-61.54	3.13
36	Quotient	-22.81	-58.10	Loss
37	Telecomputing	-28.57	-57.14	Loss
38	Ferrari	-33.33	-88.15	1.21
39	Logitek	-57.14	-91.55	0.74

Changes In Indices	Computing Services Index	FTSE 100
Month 21st Dec 90 to 25th Jan 91	-4.93%	-2.84%
21 months 15th April 89 to 25th Jan 91	-32.25%	+2.41%
1st Jan 90 to 25th Jan 91	-26.36%	-10.97%

### Results from outside the UK

**DEC** had better than expected Q2 results but profits fell 28% to \$111m on revenues up 5% at \$3.3b. Services now account for 41% of **DEC's** revenue - up from 37% last year ..... **IBM's** share price increased by \$7 to \$116 on announcement of better than expected Q4 results. Revenues were up 13% at \$23.1b (\$69b for year) and profits up from \$591m to \$2.5b (\$6b for year). All CSI companies beware - as with **DEC**, the fastest growth (see page 4) was support services, up 28% at \$3.45b and software up 17% at \$3.1b....**Apple**, as we predicted, also surged ahead in Q1 with strong demand for the new low cost machines. Q1 revenues were up 13% at \$1.49b but profits were up 21% at \$150.5m (higher now than **DEC's**)...**Siemens** report a "surge in Q1 orders" but growth in after tax profits "would only match last year's 6% improvement".....Against all the odds, **Data General** reported Q1 profits of \$12.4m (loss \$20.5m last time)....PC maker, **Borland**, trebled PBT to \$28.7m in the nine months to Dec 90. Their UK quoted shares have jumped by £3...**Tandem**, however, saw Q1 profits nosedive by 77% to \$7m on static revenues of \$444m...**Microsoft** had a brilliant Q2, thanks to Windows. Profits jumped by 52% to \$113m on revenues up 53% to \$460.5m. "Business in Europe was particularly strong".

# A further £104m fall

A further £104m was wiped off the value of CSI stocks in the month. For the first time, we now have two CSI companies - Total and Telecomputing - with a market capitalisation of less than £1m. It is depressing to realise that you could now buy ten CSI companies for less than £32m.

The largest capitalisation fall was Sema - down £52m in the month to £400m. SD-Scicon has sunk further to the #8 slot and now have a capitalisation of just £50m. When our index began in April 1989, they were ranked #4 at £157m. Misys results are due on 31st Jan and are now capitalised at just £20m; down from a high of £140m.

Capitalisation of UK Quoted CSI Companies



## Sanderson moves to main market

Sanderson Electronics moved to the main market on 14th Jan. Chairman, Paul Thompson, said "The recent fall in the company's share price is most disappointing and appears to reflect market sentiment towards the computer industry as a whole rather than any particular misgivings about Sanderson itself...graduation to the senior market would enhance the status of the company's shares and provide a platform upon which to build a recovery of the share price".

Sanderson shares have slipped from 298p at the start of 1990 to 127p even though full year profits increased 10% to £3.3m. They now say that "immediate progress in the UK continues to be limited by the economic climate and high interest rates which are influencing capital expenditure decisions". But Sanderson took the unusual step of replacing the final dividend by a first interim dividend of 5.4p per share "to protect the balance sheet". Although we still regard Sanderson highly, they may be disappointed if they believe the move to the main market will benefit the share price.

Misys moved in October when their share price had dived to 108p. Misys has since slipped to 65p. Companies like P&P, which has had a full listing for sometime, has also seen its share price hammered. In all these cases very few shares have changed hands. P&P's David Southworth told us that their price fell 24p in one day and not one single share was sold. The evidence seems to show that the shareholders - both institutions and private - are standing by companies in the sector; but it is the marketmakers that are wreaking much of the current pain.

## Computing Services Capitalisation - 25th Jan 91

Rank		Capitalisation 25/1/91 £m	% Change since 15/4/89	% Change since 21/12/90	£m Change since 21/12/90
1	Sema Group	£399.50	40.62	-11.58	(£52.30)
2	Hoskyns	£316.00	91.75	-1.13	(£3.60)
3	Logica	£94.24	-57.32	-7.15	(£7.26)
4	Micro Focus	£92.68	259.23	-5.52	(£5.42)
5	ACT	£72.00	81.82	0.00	£0.00
6	P&P	£57.75	-22.69	-10.47	(£6.75)
7	Macro 4	£50.62	-6.08	-2.65	(£1.38)
8	SD-Scicon	£50.40	-67.94	-3.82	(£2.00)
9	Microgen	£47.56	-46.20	3.17	£1.46
10	Sage Group	£30.81	45.31	-4.33	(£1.39)
11	Systems Reliability	£29.18	-32.93	-18.27	(£6.52)
12	Admiral	£25.37	73.78	-0.11	(£0.03)
13	P-E International	£21.67	-45.28	-5.37	(£1.23)
14	Misys	£20.12	-73.46	-14.75	(£3.48)
15	Capita	£20.07	147.81	-0.63	(£0.13)
16	Proteus	£18.26	1.16	-10.49	(£2.14)
17	Kewill	£16.63	-1.04	-10.62	(£1.98)
18	Computer People	£14.30	-53.42	0.00	£0.00
19	Sanderson	£10.97	-44.30	5.51	£0.57
20	Radius	£9.93	-68.87	-10.54	(£1.17)
21	Vistec	£9.64	338.18	-14.69	(£1.66)
22	Pegasus	£9.48	-52.14	-3.11	(£0.30)
23	MMT	£8.88	-48.67	-5.63	(£0.53)
24	Touchstone (MBS)	£8.44	-86.18	18.27	£1.30
25	Rolle & Nolan	£8.20	87.54	2.70	£0.22
26	Trace	£7.27	-54.84	-0.95	(£0.07)
27	Electronic Data Processing	£6.30	-25.58	-7.68	(£0.52)
28	Quotient	£6.03	-61.35	-22.79	(£1.78)
29	Learmonth & Burchett	£5.86	-59.86	-2.33	(£0.14)
30	NMW	£5.34	-56.58	12.91	£0.61
31	Butler Cox	£4.81	-48.39	-15.91	(£0.91)
32	Sherwood	£4.72	-23.42	2.10	£0.10
33	Ferrari	£4.30	-78.06	-33.44	(£2.16)
34	INSTEM	£3.82	-15.11	-5.68	(£0.23)
35	Synapse	£3.71	-63.63	-1.85	(£0.07)
36	Logitek	£2.02	-90.04	-57.26	(£2.71)
37	Star	£1.02	-87.44	-6.42	(£0.07)
38	Telecomputing	£0.96	-78.44	-28.18	(£0.37)
39	Total	£0.95	-82.08	-5.00	(£0.05)

## Tetra claims major market share growth

A recent press release from Tetra claims "Our own research confirms that we are No 1 in the UNIX market, No 3 in DOS and market leader overall". The Context report for Sept 1990 shows the following shares of accounting software sales by value:

1	Tetra/Compact	26.7%
2	Pegasus	25.2%
3	Sage/Sky	11.7%
4	Multisoft	8.7%
5	BOS	4.1%

Indeed, all the majors seem to be gaining at the expense of Multisoft which has seen its share of the market decline since its troubles with Headland.

In the UNIX arena, another report from Wharton, gives Tetra a 78% share of the market compared to just 8% for Multisoft. Tetra's financials are promised for next month.

## Goodbye Barney

Barney Gibbens, OBE, stepped down as Chairman of Sema on 1st Jan. Barney founded CAP back in the sixties and is one of the more interesting characters in our industry. His presentations were always both witty and interesting. Did he jump or was he pushed?... one day we will tell the story. He is replaced by a Spaniard, Antonio Barrara de Iromo, who has been on the board since the merger of CAP and Sema Metra in 1988. Pierre Bonelli remains as MD.

Any lingering belief that Sema is a UK company is finally laid to rest. Sema shareholders are Paribas (39%) and CGS (27%). Interims to June 90 showed PBT static at £7.2m and EPS down 6%. The UK did not perform well and even the lacklustre performance reported was "due primarily to the strength of our French and Spanish systems businesses". Since then 100s of jobs have been cut in the UK - full year results are awaited with "interest"

**Snippets**...Brokers, Beeson Gregory, have tipped **Capita** as one of the "junior stocks" likely to do well because of their involvement in the booming healthcare market....Accountants, **Levy Gee**, surveyed 163 venture capitalists and found that manufacturing companies were the most popular investment. Computing services and software ranked 9th and 10th respectively...**Bonsal** announced revenues of £62m, up 91%, for the year to Dec 90. Profit figures will be released in March....**LBMS** has shed 27 jobs in its services and support operation...80 jobs go at **Logica's US Data Architects** subsidiary. "The effects of the corrective measures which were already in hand have been diminished by a continuing weak market - management reviews in recent months have determined that further action to reduce the cost base is necessary to accelerate recovery". Data Architects made a loss of £4m last year compared to a £2m profit in the previous year. It has failed to make a profit in the first half of the current year.

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