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SYSTEMHOUSE

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

GLOBALISATION: A WORLD OF DISRUPTIVE CHANGE

Last month we had the pleasure of a meeting with Azim Premji- the Chairman and CEO of Indian Wipro. Premji took over as head of Wipro in 1966 aged 21 on the death of his father. Since then he has changed Wipro from a small company producing cooking fat to a company with $2.4bn revenues expected this financial year, a 20%+ operating profit margin and a market valuation of over $20bn.

At the end of the meeting we asked Premji, now in his 60s, what his ambitions were for Wipro. He immediately replied *"To see Wipro in the Top Ten Services companies in the world"*.

Wipro is currently in the lower reaches of the Top Twenty, but with global revenues growing at 39% and European revenues up 50%, we have little doubt that Wipro will make it to the Top Ten before this decade is out.

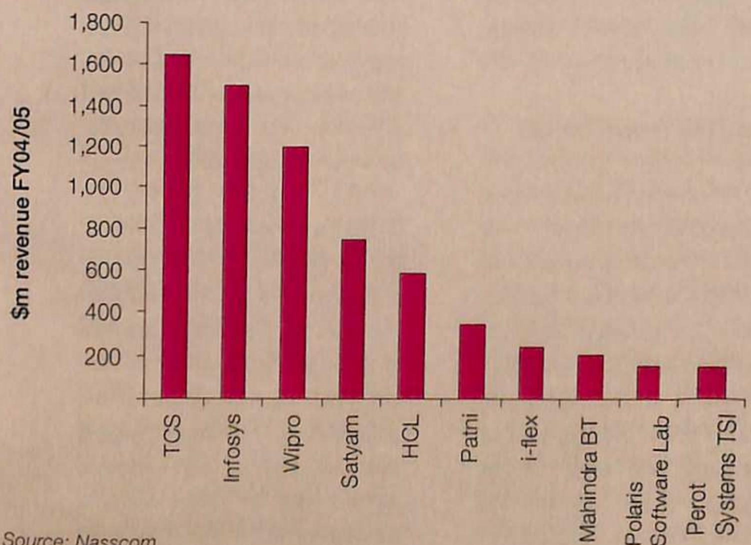
Joining Wipro in the Top Ten

What is even more amazing is that Wipro is likely to be beaten into the Top Ten by both TCS and Infosys with Satyam, HCL and US-based Cognizant not that far behind.

By 2015 it is estimated that these firms alone will employ over 1.5m staff (Source - CSFB January 2006). That's about equal to the total number of IT services staff employed in the whole of Europe today.

But that is not the end of the offshore takeover of the global IT services scene. To this one must add the offshore activities of the current global players. IBM already has nearly 40,000 staff in India (although not all of these are related to IT services).

India's IT top ten by revenue



Source: Nasscom

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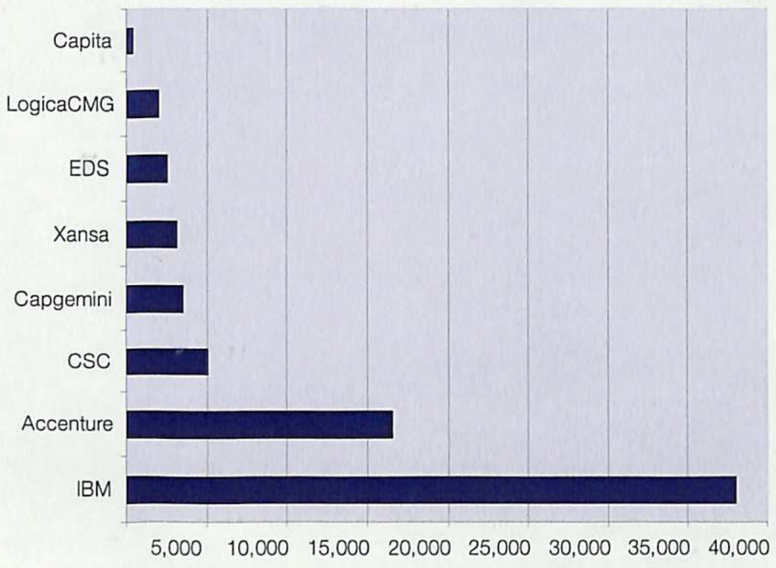
INDICES
(changes in February 2006)

Holway S/ITS	**+0.48%**	**5160**
FTSE IT (SCS)	**+3.3%**	**591**
techMARK 100	**-1.9%**	**1469**
Nasdaq Comp	**-1.0%**	**2281**

[continued from front page]

Accenture too continues to invest heavily in India and has nearly 17,000 IT Services and BPO staff in the country today. As we reported last month, Xansa is now within weeks of having a majority of its staff engaged on private sector work located in India. A lot of players acknowledge that they are still behind the game and need to invest quickly. EDS, for example, plans to double its Indian staff in the course of 2006.

Total number of India-based delivery staff



Source: Company data

If you think this is the full extent of the offshore effect, hold on

The offshore players have now built significant operations onshore. These onshore activities increasingly involve offshore personnel being seconded to work onshore. In the UK, this has resulted in a surge of new visas for IT workers; up over tenfold in ten years from 1,827 in 1995 to 21,448 in 2005. 85% of all these visas were for IT staff from India. (Source - Home Office statistics)

On top of that the offshore players are making an increasing number of acquisitions (like Wipro's purchase of NewLogic (Austria) in Jan. 06) and they are winning more and bigger onshore deals (like TCS' £480m BPO deal at Pearl). All these involve the offshore players increasing the number of onshore personnel they have at their disposal.

Not just, but mainly, India

We estimate that currently India is responsible for around 80% of all global offshoring. India has the great advantage of speaking English like its two major markets (US and UK). But Eastern Europe is expanding fast too. Here language, particularly German, will assist in developing offshoring in Germany. France, in particular, does not seem to have much enthusiasm for the offshore model. When I asked one of our French clients whether he had started offshoring yet, he replied *"Yes, we have moved our programming dept. out of Paris to Marseilles"*. But French players with global revenues but French-based costs (Alcatel would be a good example) are starting to realise that they just cannot compete anymore without embracing offshoring.

Not just, but mainly, the UK

CSFB, in a report dated 5th Jan 06, commented that *"The European IT services companies' reaction to the offshore threat has evolved from* ***denial*** *in 2001, to* ***denigration*** *in 2003 to wholesale* ***adoption*** *in 2005"*. But still, globally, the US and the UK are responsible for 64% of all offshoring with just 29% from the rest of Europe (Source - Nasscom) We estimate that around 70% of all the offshoring in Europe is currently undertaken by the UK; a proportion more likely to rise than fall in the next few years.

Offshore grows at 50%+. Onshore flat?

Within the UK IT services market that Holway@Ovum analyses, we reckon that around 15% of all UK IT services activities in 2005 were undertaken by a combination of work undertaken offshore (by both the offshore players like TCS and onshore players like Xansa) and offshore personnel seconded to work in UK. That element grew by around 50% in 2005.

CSFB estimate a CAGR of around 60% to 2009 for offshore in Europe as a whole. Given that European IT services is forecast to have low, c5% growth in the UK and Europe for the rest of the decade this, of course, means that growth in the onshore element will be under extreme pressure. Indeed, that element is at best flat or in modest decline.

Effect on salaries, fee rates and jobs in IT

Although average Indian IT wage inflation is high at 36% (Source- Association of Chambers of Commerce of India), Indian IT salaries are much lower than in the UK. The average IT programmer salary in India is £6675 p.a., roughly 1/5th of that paid in the UK (Source- Payscale) This has created real pay deflation in some areas. For example ATSCo recently reported that the average pay for permanent IT helpdesk staff reduced by 3% to £17,538 in 2005 and temporary workers have seen hourly rates cut by 25% to £12 per hour. The latest Computer Weekly/SSL Quarterly Survey of Appointments Data and Trends survey published this month found that not only had the number of jobs advertised online fallen by 6% in the second half of 2005 (the first decline since Oct 2003) but advertised salaries had fallen in more than half of the job categories monitored.

The daily rates charged by the offshorers are extremely difficult to match (or beat) by onshore players using UK staff. For example, according to Arete Research Infosys' average daily rate for offshore staff was just $220 in 2005. Their average daily onshore rate was $520. Infosys undertake roughly 70% of work offshore which means their "Blended rate" is just $310. And it's going DOWN not up. Infosys' blended daily rate was $350 in 2002; representing an 11% FALL since then. And, of course, the more work that can be undertaken offshore, the lower the blended rate becomes.

So the facts of life are that the onshore players using onshore staff are finding it more and more difficult - if not impossible - to compete. King Kanute knew he couldn't keep the tide back and most onshore companies now fully realise that they must move much of their resourcing offshore just to survive.

Low cost, low skill?

There is still a widespread belief that it is only the low skilled jobs that go offshore. This is both outdated and was probably always a myth. It was probably encouraged because most people's personal encounters with offshoring are based around call centres. But already much software development, application management and system integration is undertaken offshore. *These are **not** low skill activities!*

When we met with Wipro's top people in London, one said that *"the only thing better than a job with Wipro in India was a job with Wipro that took you overseas"*. As we have shown above, offshore players are increasingly seconding some of their best staff to work onshore. So even the "customer-facing" roles are not safe anymore.

On top of that offshore countries seem to be producing far more IT graduates than most European countries. We all know that an IT graduate cannot immediately become a Programme manager or software designer - that takes years of something called "on-the-job experience". We all know that IT users always want bright, hard working people in their mid thirties with c10 years experience.

And in 5-10 years time where will those very people come from? Who is currently training those people? Well, now the answer is increasingly India and other offshore countries.

"A wake up call for Europe"

A couple of months back, KPMG produced a report on IT sector competitiveness entitled **"A wake up call for Europe".** KPMG surveyed 126 IT managers from around the globe. It found Europe lagging behind both North America and Asia Pac.

In particular, European IT firms were perceived to charge higher prices and offer less value for money. They are *"not just innocent victims of geographical circumstances"* however as buyers perceive a lack of *"commercial innovation"* too. 75% of respondents judged European IT firms to be *"average"* or *"generally uncompetitive"* in terms of value for money. European companies scored just 4.7 on price competitiveness *"easily the lowest mark - while Asia notches 8.0, its single highest score"*.

In the global marketplace in which we all live now, protectionism will not work anymore. Offshoring has to be embraced.

But offshoring will increasingly necessitate structural change which could be very painful. It will affect white collar workers particularly in the services sector; people who have been used to job security and a high standard of living. We need to have the right policies to cope with this; in particular within Government.

(Richard Holway, Phil Codling)

NEXT STEPS FOR THE SOLD SBS SUPPORT BUSINESS

This month, Capgemini announced that it was selling its French hardware maintenance unit to Unisys, and it's not the only firm to divest a support operation. IBM sold a support subsidiary of IBM Italia to UK-headquartered firm, SCC, while in Germany it was agreed that Bechtle would take on IBM's desktop services contracts. And, last year, Siemens Business Services sold its Product Related Services (PRS) business to Fujitsu Siemens.

The hardware maintenance market has for some time been in decline, while IT support more generally is likely to hover around the 3% growth mark in coming years. Often, this is low-margin work that requires the supplier to have the kind of scale and geographical coverage that is not always cost-effective. For those companies, such as Capgemini, that do not see maintenance as being strategically important, it makes sense to get rid of these operations.

In view of this, the sale of PRS to Fujitsu Siemens Computers (FSC), which is jointly owned by Japan's Fujitsu and SBS' parent, Siemens AG, is a move that makes sense. Although PRS isn't leaving the Siemens 'stable' entirely, the issue is the same: focus. FSC generated 91% of FY05 revenues through hardware resale, but one of its targeted growth areas is services, which represented just 4% of revenues - or euro 262m - in FY05. By shifting ownership to FSC, Siemens can 'kill two birds with one stone'. FSC becomes more services-rich (it's unlikely it would have been able to grow its services to this extent organically), and SBS becomes more focused around outsourcing and IT projects.

In the UK

PRS is already FSC's main partner for computer maintenance, though FSC accounts for only a very small amount of PRS's UK business. PRS performs a range of support services, from straightforward swap-outs of 'broken' hardware (which it mostly outsources to technical courier companies) to asset management and managed desktop services.

Ahead of the sale to Fujitsu Siemens on 1 April 2005, we caught up with the PRS UK management team to find out what effect the sale to FSC will have - on the business and on the service to customers. The first thing to note is that the UK PRS business will remain a separate company. Under SBS, PRS remained *"fairly independent"*, and only had *"minimal dependence"* on SBS for revenue generation. The same is set to happen under FSC.

SBS says the move will cause little upset for customers; no PRS staff will be made redundant and service delivery won't change. So in theory, customers will not see a difference in the support services they receive.

Positioning the new business

Probably the greatest issue will be managing perception. PRS was sold because it was consistently under-performing in Germany. In the UK, the business must ensure that prospective customers know that this part of the business is indeed doing quite nicely. It is profitable (with a margin that we estimate is no greater than 3%) and increased turnover by 4% to £118m in FY05.

With PRS on board, FSC will have achieved a much better balance between services and hardware. So what does SBS gain from the move? Well firstly, it removes one of the contributory factors to SBS's overall losses. Secondly, PRS is likely to gain new customers through FSC.

But what will customers think about the business being moved from a services-led company to a hardware-led company? We think that as long as service levels remain the same, customers will respond well. The real challenge will be to ensure PRS is still perceived to be vendor-independent.

In addition, we would argue that the 'new' PRS would do well to emphasise the following to customers:

- Its growing vertical focus. Many support players address the market horizontally (such is the nature of IT support), but PRS's evolving vertical expertise is worth shouting about. For instance, it has developed specific expertise around point-of-sale and retail peripherals. Its £38m/five-year contract with a major UK retailer, where it beat off the incumbent, is testament to this.

- We have heard good things from PRS customers- about both the quality of service received and the approach taken by SBS. Worthy of note is PRS's claim to have a renewal rate of almost 100%.

- We think something that will appeal to most customers (and potential customers) is the recent introduction of open-book modelling, which enables PRS to be transparent about costs. This is particularly important to customers who want to understand exactly how PRS will reduce overall costs - rather than just move a cost/issue elsewhere.

So, from 1 April, PRS will become a Fujitsu Siemens subsidiary. As for what the company will be called, management are still working on that one!

(Kate Hanaghan)

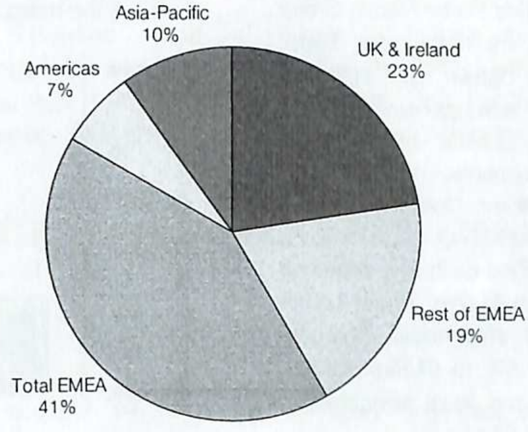
7%
179p
SYSTEMS UNION

SYSTEMS UNION: RE-ENTERING THE LIMELIGHT

Systems Union plc grew all its key financial indicators in the full year to 31st December 2005. In particular it achieved overall revenue growth of 9% to £113.4m (2004: £104.2); organic revenue growth was 6%.

Operating profit went up by 72% to £8.4m from £4.9m, and operating margin increased to 7.4% from 4.7%. Excluding depreciation and amortisation, and just under £2m in restructuring changes on acquisitions in 2004, operating profit grew by 16% to £16.5m from £14.2m, and operating margin would have been 14.6% compared to 13.6% in 2004. Net profit was £6.9m, an increase of 77% from the £3.9m achieved in the previous year. Operating cash flow was £13.5, compared to £12.1 in 2004.

Systems Union is well spread geographically (see Figure 1). It received £44.0m of revenue from the UK and Ireland (up 4.5%), £37.3m from the rest of EMEA (up 3.5%), £13.1m from the Americas (up 23%) and £19.0m from Asia-Pacific (up 23%). In terms of business activity, new software licences were 28% of total revenue, software maintenance was 43% and services were 29%. Movement in the mix between years was minimal, with proportion from maintenance declining by just over half a percentage point (though still growing in absolute terms), while other services went up by around a half percentage point.



Comment: These are good results indeed, especially for a middle-sized software vendor with a wide geographic spread. Investors seem to like them too, as its share price has gone up significantly since the trading update in January.

Despite being one of the larger UK based software vendors, Systems Union does not get quite the same attention as some of its compatriots. Perhaps the reason for the relatively low profile of the company is that Systems Union's brands, which include Pegasus and SunSystems accounting software, and the MIS business and performance management software, are better known than the company itself.

Systems Union briefly did enjoy the limelight, but as part of Freecom.net, a UK-based dot.com boom company. Faced with the dot.com bust, management made the wise decision to retreat back into the accounting market. Though it's been a slow-burner, that strategy seems to be paying off now.

Nevertheless, we are a little concerned that Systems Union still has rather less recognition than it is due. This isn't just a question of media kudos, it's important to gain customer awareness, and to facilitate cross-sell and up-sell of products. Systems Union is trying to change all this by building a unified set of brand values, but the geography of its customer base could make it difficult to succeed. And its geographic spread continues to expand: during the year, it made acquisitions in Asia-Pacific, Ireland and Spain, and it opened offices in Malaysia and China.

Hopefully, these excellent results will lead to the company having a higher profile at least in the UK media. Just as long as they don't distract the management too much from the day-to-day grind of driving forward the business.

(David Bradshaw)

11%
475p
CAPITA

CAPITA MARGINS UP AGAIN

BPO market leader Capita Group released its results for 2005. Revenue grew by 12% to £1.44bn, with operating profit up 19% to £191m, before share based payments, impairment and amortisation. Operating margin was 13.3%, up from 2004's 12.5%. Free cash flow improved by 20% to £127m. Profits before tax (and after these charges) were up 8% to £153m. Diluted earnings per share were also up 8% to 16.05p.

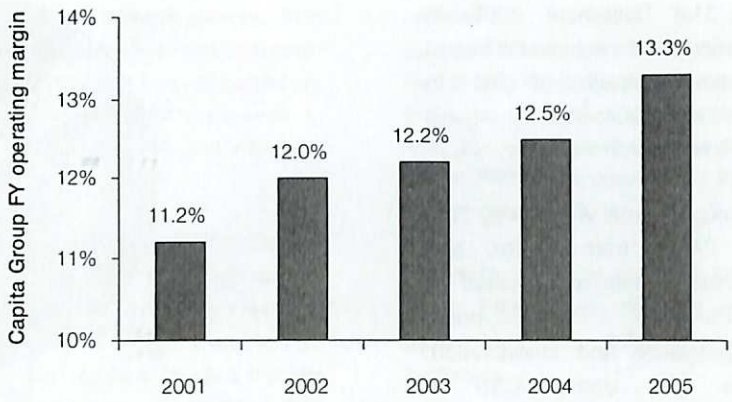
The fastest growing segments were education (with a boost from the National Strategies deal that kicked off in April) and life and pensions (which grew to 6% of revenue, and which will increase its weighting further in coming quarters thanks to the Zurich deal).

Chairman Rod Aldridge described 2005 as *"a superb year"* in his comments to analysts. But he also made it clear that Capita confidently expects better growth in 2006.

Comment: You may recall we put down something of a challenge to Capita, asking *"Capita interims: what about the topline?" (Hotnews, 28th July 2005)* in response to a quiet first half of the year in terms of contract wins and growth. The company has delivered a strong response.

Growth for the year as a whole - at 12% in total, 8% organic - may not have picked up much compared to the position in the interims. But the last eight months have seen a significant pick-up in wins. So while the first half gave us some cause for concern with just £140m of major contract value added to the business, second half wins and extensions took this total to £1.14bn. That's still below the 2004 total of £1.36bn, but when we add in the £360m added in 2006 so far, the picture starts to look very rosy.

Pushing the margins 2001 to 2005



The fact is that Capita has had a great time in the sales arena, with major wins at Zurich and Birmingham the clear highlights of recent months. Indeed, it has only lost one major bid (Pearl, to TCS) since the mid-point of 2005. Moreover, the company has no more major rebids due this year and only one (office services at the DWP) coming up in 2007. Add this to the wins in the bag, and it's no surprise that Aldridge and Co are so confident that 2006 will see significantly better growth than that notched up in 2005. Indeed, by our reckoning, organic growth back in double-digit territory looks as good as guaranteed for the current year.

So can Capita now improve its margin further on the back of this growth? We know they'll try. For while many BPO providers dream of a 13% operating margin, Capita's relentless drive for financial improvement means it's inevitably looking to push this up. But we may have to be a little patient. In the coming months, the company has major contract start-ups to fund, not least at Birmingham, Zurich, the BBC and Dixons. So maintaining the margin looks like the priority for 2006. Beyond that, it's feasible that the benefits of Capita's scale could push margins on once more. Adding a lot more offshoring to the mix, particularly in the private sector, should help this effect. Indeed, with only 400 people in India today, Capita has a long way to go just to catch up with some of its competitors' offshore capabilities.

A lot of people ask our opinion on Capita's operating model and, in particular, its ability to grow profits. The truth is there's no magic formula in its strategy. The company picks areas with growth potential, focuses its sales resources on them and steers clear of bids that don't suit its focus and profit criteria. As it brings on customers, it uses this focus to build scaleable infrastructures and thus drive

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repeatability in its chosen service areas. It also adds small, profitable acquisitions to the mix. None of this adds up to a radical approach to BPO. But Capita clearly makes it work better than most.

In fact, if there's one single thing that distinguishes Capita and enables it to execute so effectively, we'd suggest it boils down to the people. Nobody else has quite such depth of knowledge in UK BPO or consistency in its management. Executive Chairman Rod Aldridge founded the company in 1987, the year CEO Paul Pindar also joined. CFO Gordon Hurst came on board the following year, and Group Operations Director Paddy Doyle is a relative newcomer among the company's top brass, having joined in 1992! Sadly for Capita's competitors in the UK BPO market, such experience and loyalty cannot be replicated overnight.

(Phil Codling)

ACCENTURE'S SITE TEAM MINES A RICH SEAM

We recently met up with Gary Curtis, worldwide leader of Accenture's Strategic IT Effectiveness practice (or SITE for short), along with Andrew Morlet, who leads the service in the UK. The SITE practice is a consulting group that focuses on improving IT governance and the performance of the IT function within enterprises. Curtis has 200 "core" consultants worldwide, and draws on double that number embedded within Accenture's vertical-market operating groups.

What does the practice actually do? It helps to revamp clients' IT departments and improve the way they're run, and it helps CIOs to develop more business-focused propositions. In other words, it brings IT closer to the business.

SITE consultants often work as part of a transformational outsourcing contract. Curtis and Morlet say they don't see a transformational outsourcing backlash, but add that CIOs increasingly want transformational outsourcing or consulting contracts broken into digestible chunks and delivered faster then ever, and with quantifiable financial benefits. These chunks are increasingly delivered in parallel, speeding up delivery of business results and reducing risk.

Curtis says his customers expect to see 'measurable business value within the first year' of a transformation programme, followed by 'real EPS improvement' in the second year.

Comment: Given not just the continued march of outsourcing, but its increasing complexity as more users create more complicated "multisourcing" environments, this line of work looks like a winner, so it's not surprising that Curtis expects growth well ahead of Accenture's overall growth rate this year. Interestingly, SITE services are often bundled into outsourcing contracts that Accenture signs, especially in the UK.

This is partly an intelligent realisation that outsourcing deals require a strong and properly resourced management function at the client end, without which good work at the supplier end can be wasted. That's what I suspect happened at Accenture's now-cancelled Sainsbury mega-deal, and it's a credit to Accenture that it learns from such experiences and turns them into new opportunities.

We think many end users would benefit from buying such governance-improving services - but from their outsourcer? Well, Accenture sees no clash of interest, and maybe there isn't, but there's definitely a real opportunity for standalone consultancies to sell these services by playing the independence card.

Won't Accenture face increasing competition here, especially from the Big Four accounting firms? Curtis argues that Accenture's deep experience of delivery work gives it an edge over advisory specialists like the Big Four. He's not frightened by the Big Four's strengths in portfolio analysis - while poor IT portfolio management 'is the root cause of a lot of poor value, it's not usually a point for entry' for consultancies into new accounts, he argues. The competitor he respects most is IBM: 'they rarely beat us on core consulting work, but on larger deals the results aren't so predictable'.

(Douglas Hayward)

52%
1p

QA RETURNS TO PROFIT - A STEADY SLOG STILL REMAINS

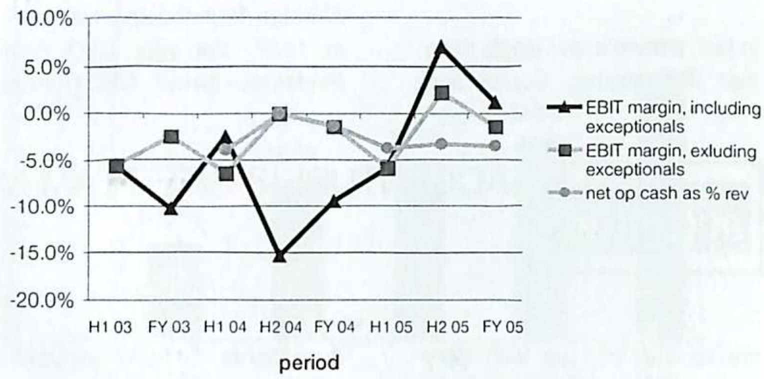
Training specialist QA returned to operating profit (but only just) for the year to 30 November 2005. Revenue growth was 3.4% to £31.2m for the year and 4% for the second half to £17.2m - better than it sounds in what we reckon was a pretty flat market.

Training revenues rose 4.6% over the year to £25.8m (though dipping 1.7% in the seasonally weak H2 to £13.6m), including a 10% rise in revenues from QA's directly-delivered (and more profitable) courses. Pricing pressure continued, meaning QA had to work hard to deliver revenue increases.

Consulting revenues fell 20% for the year as a whole to £4.38m, but that fall was expected after the horrendous 35.4% plunge in H1, and it's worth noting that the H2 decline (down 4%, to reach £2.6m) was dramatically less. Much of the fall is the result of necessary re-alignment and withdrawal from less value-added activity.

Operating (EBIT) margin returned to the black at 1.2% of revenues, although this was thanks to a one-off sale in H2 of the rights to some QA-owned legacy middleware (which is not likely to be repeated soon, if ever) - a transaction described somewhat paradoxically as an *"operating exceptional item"*. That's a new one to us! Excluding this oddity, full-year EBIT margin would have been negative at -1.4%. Nevertheless, we reckon that H2

QA Margins and Cash Flow



saw a positive EBIT margin (2.3%) even excluding the licence sale, so it's fair to say that QA's now back into operating profit.

Operating cash flow was hugely negative at just over £1m in outflow - equivalent to 3.5% of revenues. This was in great part due to QA paying off a loan that should become history this year, so (all going well) the company should be EBIT-profitable and operating cashflow-positive in 2006.

Looking forward, QA said the *"positive trend observed in the fourth quarter is continuing into quarter one, with current booking ahead of 2005 levels"*. Hot skills include project and programme management (especially Prince 2, but growing interest in ITIL) and the latest Java and Microsoft .Net skills. QA is hoping for renewed interest in SQL Server this year, following the release of the latest version of the Microsoft database in 2005. It reports growing interest from corporations in getting IT staff formally accredited.

Comment: We met CEO John Beaumont after the results, and our talk with him confirmed the trends that we identified at the time of the interims in July 2005 (*Hotnews*, 13 July 2005). We think QA is turning the corner slowly but steadily and it's doing the right things. The recovery is a long hard one, but it's happening.

QA is rightly using managed-services contracts as a recurring-revenue bedrock and a lead generator for higher-margin services such as consulting and customer-specific events; it's repositioned its consulting operation from body-shopping into high-value services such as advising clients on their skills needs and designing customised programmes; and it's making its offerings more modular and positioning them for more effective up-selling and cross-selling. So it's heading up the value chain and positioning itself as a niche supplier that understands clients' business needs and

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proposes services that improve the client's corporate effectiveness. Easier to say than do, but the right strategy.

Our only real beef is that QA doesn't seem to have a strategy for generating business through partnership with IT services and professional services suppliers. Although its value-added services will overlap with those of many suppliers, we think there's nevertheless unexploited room for non-exclusive alliances with IT outsourcers, RPO (recruitment process outsourcing) suppliers, business/management consultancies, and HR consultancies.

Training is important! Poor skills and bad training during implementation and post-implementation is the cause of many an IT project disaster - just ask consultancy BearingPoint, which is only just recovering from an ERP implementation from Hell that cost the CEO his job and almost got it de-listed. By coincidence, QA chairman Keith Burgess has recently become chairman of BearingPoint Europe. Now there's a possible partner ... *(Douglas Hayward)*

4%
278p
s|three

STHREE CLOSES A STRONG 2005

SThree in February revealed its maiden full-year results to a packed audience of investment and industry analysts. What we heard was impressive. Revenue was up 30% to £315.1m, with gross profit (net fee income) growing even faster, up 38% to £104.5m; the operating margin (before exceptionals) improved from 7.2% to 9.4%. Of note is the £15.86m in exceptionals, which includes the cost of the IPO and related payments to staff. In the previous year, SThree had exceptional items of £31.5m, mostly goodwill, which has now been completely depreciated.

SThree's UK business was a significant beneficiary of the group's very strong performance in FY05; and it's in the UK that SThree can rightly claim to be one of the more profitable IT staffing businesses. The company has been established for very nearly twenty years, with Computer Futures, Progressive and Huxley Associates being the largest three businesses within the group. IT is its core business but it has diversified into other sectors.

The company's multi-brand strategy (it has 12 businesses under the SThree umbrella) has several key benefits: it has enabled SThree to expand into new areas in a way that is not too risky; it has enabled SThree to avoid losing key home-grown talent; it has enabled SThree to tap into niche, faster growing areas of the IT market (and beyond).

This model also partly explains why, in an IT market that is characterised by single-digit growth, SThree has managed growth way into double digits; it has a foothold in higher growth areas (such as ERP) with its specialist brands. But SThree is not just growing revenue - it's growing profits. An increased proportion of permanent business has helped here, as has increased average placement fees. Likewise, increased day rates for contractors (due more to an increase in over-time than an increase in wage rates) has also contributed to profits. But in addition, a key part of SThree's strategy has always been its focus on higher margin deals. It has stuck firm on its pledge to not take on high volume, low margin preferred supplier arrangements.

Quite rightly, SThree isn't relying on the market to buoy its growth in the coming year and beyond. Last year it employed around 250 new sales people - and it plans to do the same again this year - to drive growth through scale.

But don't be fooled into believing SThree thinks size matters. Its aim is to be the most profitable specialist staffing firm in the UK - not the largest. Although, if it also achieves that, we doubt management will complain!

The Spring comparison

Also in February, Spring, the UK's largest IT staffing firm, announced its results for the year to end December 2005. In contrast, its revenues declined 4% to £454.7m, while operating margin declined from 1.82% to 0.23%. Loss before tax was £5.4m, compared with a profit of £963k in the previous year.

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The company undertook significant restructuring activities in Q4 in view of the decline in profits. These included:

- Restructuring the IT business to cut costs
- Closing the Buchanan Scott business
- Reducing property costs
- Bringing in new management

We were warned towards the end of last year that Spring was suffering. To put this year's performance in context, take a look back to the previous financial year when the technology business increased revenues by more than 40% and generated margins of 2.4%. In FY 2005, those IT revenues declined 3% and the operating margin dipped to 1.2% (although, that's not quite a low as the performance of the overall business).

The company's heavy focus on IT, combined with a lack of focus on higher margin services, has hit it hard. The corrective action taken in Q4 is welcome, but it is still very early days. Spring must do what many of its peers have been doing for some time: *"only do business where we get a fair reward for the service we provide"*. SThree is almost religiously focused on growing the bottom, rather than the top, line. For some time now it has followed a very strict approach to doing business; it walks away from business that's low margin - a firm and consistent approach that has served it well.

For Spring, 2006 must be about bringing more profitable work on-board (and, indeed, making existing accounts more profitable) and keeping a tight hold on costs. New management staff and new commission schemes could help to breathe life into the business, but again we suspect it is optimistic to expect radical results in the near-term. SThree, meanwhile, kicks off 2006 with a 'spring' in its step.
(Kate Hanaghan)

See the Holway@Ovum service for in-depth profiles of Spring and SThree.

16%
480p

Autonomy
making sense of an unstructured world

AUTONOMY'S RESULTS STILL LOOK GOOD THE NEXT DAY

Autonomy Corporation plc's revenues for the full year to 31st December 2005 produced $96.0m in revenue compared to $64.8 last year (a 48% increase). Operating profit increased to $9.6m from $4.4m, up 117% and net profit was $8.9m up from $6.1m a year ago, an increase of 47% despite income taxes more than doubling.

Autonomy completed its merge with Verity, its larger US-based principal competitor, in late December. It took only $1m of revenue and almost exactly the same in costs from the few days that it had control of Verity in the fourth quarter, so this barely affected the results.

European revenue (including the UK) for the year was $36.2m, up 20% on the previous year. However, as the chart shows, revenues from other areas grew more strongly, US revenue reaching $55.5m up 71% and rest-of-the-world producing $4.3m up 119%.

On the face of it, these are excellent results. Autonomy said that it had grown its business organically by 18% but it has also grown through acquisition, most notably the June 2005 acquisition of etalk, which targets the contact centre market.

More impressive than the revenue growth was the operating margin increase of 3.2% despite the

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acquisition of etalk; it would be useful if Autonomy could do the same with Verity. However, the operating margin is on the low side for a software vendor at just 10%. If you take out acquisition-related charges of restructuring and amortisation of purchased intangibles, the margin is just under 18%, which is somewhat better.

Autonomy didn't give its own guidance on what it expected in revenue for the next year. However, CFO Sushovan Hussain said that the financial analysts' estimates for the coming year of \$240m to \$248m in revenue were "sensible" and that the analysts' estimates for Q1 of \$52m to \$57m were "reasonable". Perhaps wisely, he didn't even hazard a guess at profitability. CEO Mike Lynch said that the company would seek to get most of the restructuring completed in the first quarter. Indeed the company has already taken \$5m in restructuring costs in the Q4.

Lynch's rationale for the merger (and the timing of the merger) is the opportunity to migrate Verity's customers onto Autonomy technology via a maintenance release. When the former Verity K2 customers update from version 2.6 to 2.7, the underlying technology will be switched to Autonomy's IDOL but the functionality the users see will remain the same.

One of the biggest problems with any software merger is what you do with the 'legacy' products of the two companies. Both Oracle's Applications business and Microsoft Business Solutions provide excellent (but perhaps for the wrong reason!) examples of companies trying to provide continuity for existing customers while developing a common future for the product set and so bring down development and marketing costs going forward. At best this can be a complex situation, at worst chaotic.

Autonomy's solution - shall we call it the 'stealth' conversion of the Verity user base? - looks ingenious. Firstly it means that Autonomy can leave a 'skeleton' bug-fix team on K2 and use most of the K2 development team to carry IDOL forward faster. Secondly, Autonomy can up-sell the former Verity base with a wide range of additional IDOL functionality. And ultimately, it could mean that Verity has only one installed base to serve.

There is a catch, though. Because K2 and IDOL are different technologies, there will be a migration challenge. Lynch dismissed this as requiring only a day or so of effort. While we agree that software vendors have taken great strides to make software version upgrades far easier, a lot depends on how much customisation the users have done - indeed Verity invited users to treat it as a 'tool box' rather than a 'closed box' product. Once developers start developing, they sometimes don't know where to stop.

So we would be surprised if real-world upgrades were quite so trouble free. Indeed, many software upgrades are so much trouble that a portion of users usually decides to select a different product to upgrade to! This could severely dent Autonomy's plans to convert then up-sell the Verity customer base.
(David Bradshaw)

-1%
91p

Alphameric

ALPHAMERIC CLOSES A STRONG YEAR

Leisure and hospitality sector software company, Alphameric, has grown full year revenue by 79% to £73.5m, with operating profit from continuing operations (before amortisation of goodwill and exceptional items) up 68% to £9.6m. Profit before tax for the period (ended 30 November 2005) was £7.55m, compared to a £59.5m loss (due to divestments) in the previous year. Diluted earnings per share came in at 5.1p.

Alphameric has also decided to treat investors, not only announcing a second half dividend of 1.8p per share (taking the full year to 2.8p), but also paying a "special dividend" of 2.05p per share to make up for the lack of dividend last year.

Comment: This has been a great year for Alphameric, which has rocketed ahead since selling off its retail division to rival Torex Retail last year. And we are not surprised. The company's strategy of focusing on specific niche markets - Leisure and Hospitality - as well as using acquisition to top up revenue, resources and product depth, are the two key routes for any UK S/ITS company looking to grow in today's generally mature S/ITS market. To build up its business Alphameric bought three companies over the year, for a net spend of £5.5m. Interestingly, its niche focus has meant that it is

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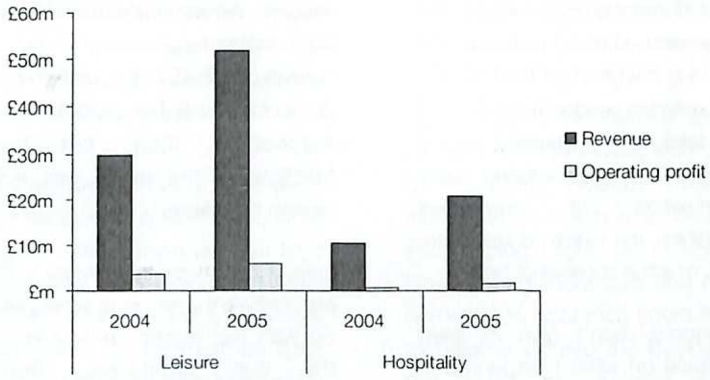
actually benefiting from M&A activity amongst clients.

Of course, it helps that its key client in the 'Leisure' division - which focuses on the retail gaming market - is William Hill, the country's biggest betting shop chain. Having implemented its products across William Hill's properties, Alphameric is now undertaking the roll out of technology across the ex-Stanley Leisure properties that William Hill acquired last year. Meanwhile Alphameric is also supplying other high-street names such as Ladbrokes and Eastwood bookmakers. Revenue for this division grew 73% to £52.3m over the year, with operating profits of £6.7m.

In 'Hospitality', Alphameric also claims M&A activity has provided some *"excellent opportunities"*. This is because the company's Caterwide product is web-based,

Alphameric's revenue and profit performance by business division



Source: Alphameric

making the architecture more suited to implementing and managing across newly acquired properties. Revenue for this division doubled to £21.2m, with operating profits of £2.9m.

However, Alphameric could face the risk of saturating it's niche markets relatively quickly. Its not surprising then that the company is betting on changes in European Union legislation that could allow it to expand its Leisure products businesses on the continent. In Hospitality as well, Alphameric is beginning to look at how resilient its web-enabled products are to being deployed in markets outside the UK. It looks like global expansion will be the next objective for this rapidly growing retail sector player.

(Samad Masood)

FUJITSU SERVICES GROWS FAST, PREPARING FOR EXPANSION BEYOND ITS STRONGHOLD

Fujitsu Services's parent company Fujitsu Group last month unveiled its Q3 results for the quarter ending 31 December 2005. At group level, sales rose 7.5% to Yen 1,121bn (about $9.5bn), while headline operating margin doubled from 0.5% to 1.1%. Fujitsu kept its forecast for the full year unchanged at Yen 4,800bn and an operating margin of 3.6%.

Fujitsu said sales of IT services outside Japan grew by 17.8% in Q3 to reach Yen 182bn, *"driven by especially robust outsourcing service revenues in the UK"*.

In the Technology Services division, sales rose 9.1% to Yen 669bn, and in the overseas segment of Technology Services (where Fujitsu Services resides), sales rose a very healthy 15.9% to reach Yen 226.bn. Across the whole Technology Services division (including sales in Japan), IT services revenues rose 12% to reach just under Yen 520bn, with operating margin up from 2.3% to 3.7%.

Comment: It's clear Fujitsu Services had an excellent Q4. Standing guidance for Fujitsu Services is for core revenue growth of 9% in the year to March 2006, supplemented by another 6% from the absorption of Fujitsu's IT services operation in Spain (which transferred to Fujitsu Services in 2005), taking revenues to a total of about £2,280m. It's very likely that Fujitsu Services including Spain grew much faster than 9% in Q3, so it will be interesting to see if the full-year growth for Fujitsu Services turns out to be higher than expected.

We certainly expect operating margin at Fujitsu Services to be much higher than in the Japanese and global businesses (Fujitsu Services' operating margins were 4.2% last year).

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Overall, we think Fujitsu Services is at an interesting juncture. It's doing well in its public-sector stronghold, and has sorted itself out nicely, but it knows it can't remain a UK-focused public-sector specialist forever. It's probably about to lose its European IT services top-10 ranking place to the merged LogicaCMG/Unilog (a merger which we think gave Fujitsu Services a wake-up call). It wants to double continental European revenues by December 2008 and be a top-10 player in France and Germany by December 2010 - unlikely to happen organically.

So the priority is to expand geographically (into continental Europe), but also vertically (strengthening its position in retail, and getting serious about financial services and telecoms). Fujitsu has some interesting and replicable capabilities and intellectual property that it can roll out into new markets. But its most notable intellectual property is horizontal rather than vertical (such as the Sense & Respond service-improvement methodology), with the arguable exception of some retail offerings. Fujitsu can't just turn up with a generic offering in new markets - it needs "feet on the street" and specific domain knowledge, together with business-focused ideas about value creation capable of impressing the folks in the CxO suite. So it's also got to strengthen its capabilities in consulting in order to move up the value chain - both to protect its outsourcing revenues and break into new markets.

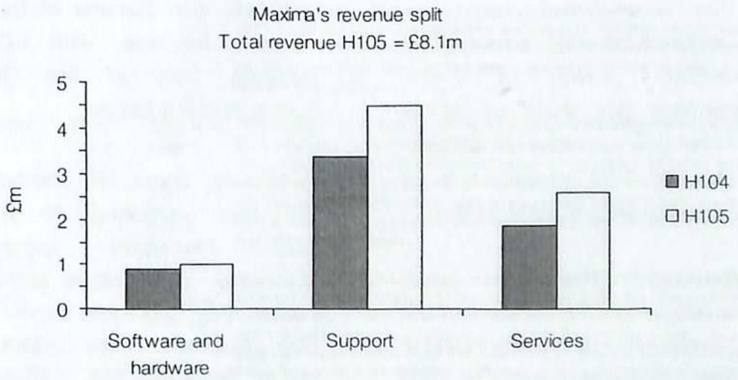
We expect Fujitsu to grow its vertical expertise both organically and through niche acquisition. The geographical reach needs acquisition in our view, preferably of players (German "captive" outsourcers, for example) with strong vertical expertise and repeatable and scalable assets.

Fujitsu Services must also develop its global-sourcing capabilities further, and needs to sort out its BPO story. With the core outsourcing business doing well, all this should be very possible.
(Douglas Hayward)

23%
176p
maxima

MAXIMA CONTINUE ACQUISITION STRATEGY

Maxima, the software and services firm with a strong focus on the manufacturing sector, has released its financial results for the six months to end November 2005. Revenue increased 31% to £8.1m, including £1.8m from acquisitions. Operating profit increased 55% compared with pro forma results for the same period in 2004. This was due to revenues growing faster than costs.



The company has also today announced the acquisition of Seabrook, a Microsoft partner focused on the Irish market, for 750k. The company is essentially the Irish equivalent of Maxima's Minerva distribution business, meaning that Maxima can extend its customer base in a relatively risk-free way.

Comment: Maxima has seen most of its growth for the period coming from the acquisitions it has made. Organic growth for the coming months will largely come from technology upgrades, around Microsoft and Oracle applications, for example. Customers are willing to invest here provided they get a swift return on the investments made. Across the company's four operating businesses (Azur Business Solutions, Azur for SAP, Minerva Industrial Systems, Hanston Technology Partners), it sees varying growth prospects, from single digits in the Azur and Minerva businesses, through to double digits in the Hanston business.

Hotnews readers will remember that Hanston was acquired by Maxima in September 2005. Its focus on Oracle puts it in direct competition with the Oracle business of Compel Both companies are addressing the significant demand from mid-market customers for managed services, whereby the supplier takes full responsibility for the delivery of a service in a certain area. We think that for both Maxima and Compel, and indeed other companies focusing on the mid-market, managed services is an area well worth exploiting.
(Kate Hanaghan)

EDS: PROGRESS CONFIRMED

EDS reported its Q4 and full-year results for 2005. For Q4, revenues were up 1% organically (excluding currency-rate changes, acquisitions and divestments) at $5.15bn. Sales in EMEA rose 3% organically to $1.62bn. EDS's global operating margin in Q4, excluding restructuring costs, was 5.3%. Free cashflow was 2.8% of revenues for the quarter. TCV was $5.3bn, up 45%.

For the year, revenues declined 3% organically (down 1% in reported terms) to reach $19.8bn, despite growing in H2. Operating margin stood at 2.7% (versus a negative 0.5% in 2004) and free cashflow was 3.1% of revenues, versus 1.6% in 2004. Total signed contract value in the year was $20.5bn, up 43%.

Guidance for 2006 is for organic revenue growth of 2-4%, earnings per share up about 77%, free cashflow of $800m-1bn and TCV growing 12% or better to reach at least $23bn.

Comment: These are good, steady, results that show that the "Jordan effect" is now beginning to reap real dividends for EDS. 2005 saw the company making some tough decisions in order to take more than $700m in costs out of the business. The restructuring programme initiated by CEO Mike Jordan continues to drive costs down and change the way EDS is run as a company. That said, EDS' operating margins are still low, although heading in the right direction. Jordan is looking for an 8% operating margin in 2008. That's a relatively modest ambition, and it looks eminently achievable on current form.

One significant drag on profits in recent times, The US Marine Corps (NMCI) mega-contract, has seen a major turnaround. It's now a generator of profit and EDS even expects to win a significant extension. Another big challenge in 2005 was the recompetition of the company's contracts with General Motors. These went well, with EDS securing 70% of the GM contracts that it bid for.

In Europe, under Bill Thomas, EDS has re-organised to give local managers greater autonomy, delivering a strong performance and some excellent new business from existing clients (including ENI, LaCaixa and the UK Ministry of Defence) as well as a number of brand new deals, most notably Ahold ($500m) and Fibi ($108m). Indeed here in the UK, the company secured three out of its four major public bids in 2005 (Met Police was the one that got away), and looks set for a strong return to double digit growth this year. Doug Hoover, who arrived as UK head in February 2005, has had a highly successful first year in charge. If the company can now get its underweight private sector business motoring too, then it'll really put some daylight between itself and its nearest rival in the UK S/ITS rankings, IBM.

Overall, EDS has taken a battering over the last couple of years, and the company is entering 2006 leaner, more focused, more humble and more confident than it has been for a long time. At last it can concentrate on growing again rather than turning itself around. In fact, we'd say EDS is actually now ahead of some of its key competitors in the painful and essential process of renewing and restructuring itself to be more competitive. Given where the company has been, that is no mean achievement.

(Gary Barnett / Phil Codling)

To learn more about Ovum's view of IT services in 2006 and beyond, see Market Trends Preview 2006 - available now to subscribers.

If you are not a Holway@Ovum subscriber, please contact Suzana Murshid (sum@ovum.com) for further details.

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Capita	Aon in the UK	Capita is buying Aon Claims Management	The insurance claims service operation of Aon in the UK	n/a	We'd estimate that Aon Claims Management is turning over less than £10m per year - small beans for a corporation pushing up towards the £1.5bn revenue mark. It's also an easily-digestible, low-risk purchase because it fits right into Capita's existing commercial insurance outsourcing business, thus helping to boost the company's market-leading position in a large but specialised segment of the BPO market.
Dicom	Learning Computers International GmbH (LCI)	Provides 'intelligent' software for the automated classification and recognition of documents	Remaining 81%	£3.8m)	This seems like an excellent fit with Dicom. The only question is why Dicom feels the need to own LCI when it already has a 19% stake and a close working relationship. The answer seem to be that it sees opportunity in integrating the two product sets more deeply - and it has to be said, depriving someone else of the same opportunity.
DRS Data & Research Services	Peladon Software	Intelligent character recognition and automated document processing	100%	£2.7m	At 2.5 times 2005 revenue, this seems like a pretty high price to pay, given that the average PSR for software companies is around 1.5. But there are a couple of key benefits to owning Peladon, not least that its recurring revenue base should help DRS to reduce the volatility it experiences from its highly seasonal work providing vote counting technology for elections. Despite being headquartered in the US, Peladon is primarily (and historically) a UK business, providing image capture technology for invoices and payslips to clients such as Capita, the NHS, and several UK local authorities.
Horizon Technology	Matrix Communications	Acquisitive mid-market company	Hardware distribution business only	£10.55m in cash for the company, £5.8m of which it will raise through a share placing on	Matrix is getting itself out of the reseller market with this disposal, and focusing on its long-held ambition to be a 'virtual network operator' (VNO) managing voice, data and security technology across clients' LANs and WANs. Hardware reselling is a tough business, but we know that it is possible to make a success of it if you are focused, have a streamlined business model and can add on services where appropriate. In the same announcement, Matrix also stated that it has decided to hang onto its Fujin Technology business, which received an approach in October 2005. Fujin has developed and deployed technology to manage content over mobile networks. Given that mobile voice and data is becoming as important, if not more than, fixed line networks - this seems like a sensible decision for the meantime.
Maxima	Seabrook	A Microsoft partner focused on the Irish market	100%	euro750k	The company is essentially the Irish equivalent of Maxima's Minerva distribution business, meaning that Maxima can extend its customer base in a relatively risk-free way.
Misys	Payerpath	Privately-held healthcare payment processing company	100%	$49m in cash	Misys also says that the purchase will reduce its healthcare division profits by just over £1m in the second half, which to us implies that Payerpath is not profitable, since IFRS has abolished the requirement for amortisation of intangibles (or alternatively, it reckons it is over-valued!). But regardless of whether or not Payerpath is good value, we have a more fundamental question about this purchase - can Misys make a success of the claims processing business anyway? Of course it has experience already, from its Sesame and General Insurance payment processing businesses - both of which it intends to divest because they are 'non core'. Well they are non-core in two respects, firstly they are in a different market from Misys's banking and healthcare business lines. And secondly, claims processing is also very different from software.
SafeNet	nCipher	UK encryption specialist	100%	£86.1m in cash	While it's always sad to see a UK based leading vendor disappear into a larger US-based rival, this does look a good price for the company. This follows a global trend in the security business of vendor consolidation. Symantec has been leading the charge here, but there has been activity across the board. We also believe that Microsoft's entry to the security market is likely to affect things, even in the sub-sectors where it has no play at all. So it's time to be bigger rather than smaller.
Sanderson Group	Megabyte Limited	An EPoS systems and services provider to the retail sector	100%	Up to £1.5m in cash and 2 million of its shares	The price it has paid for Megabyte, which had turnover of £3.79m and PBIT of £23k (both figures unaudited) for the 12 months to June 2005 seems entirely reasonable. Since the market favours size, this seems a good direction in which to head. However, it all depends on the ability to integrate well, especially the product portfolio. This needs to be a joined-up set of offerings rather than a disparate collection of different systems. Making a product set greater than the sum of the individual elements is a challenge that is very widely underestimated by software vendors large and small.

Recent IPOs

Name	Activity	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Feb 06	Change since IPO
Xcounter AB	3D Xray imaging	SP	AIM	155p	£55m	01-Feb-06	189p	22%

Forthcoming IPOs

Name	Activity	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Cohort Plc	technical consultant to defence sector	CS	AIM	n/a	n/a	08-Mar-06
Work Group	recruitment services	A	AIM	80p	£20m	01-Mar-06
Zone 4 Play	multiplayer games technology	SP	AIM	n/a	n/a	n/a

UK software and IT services share prices and market capitalisation - February 2006

	SCS Cat.	Share Price 28-Feb-06	Capitalisation 28-Feb-06	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 28-Feb-06	Share price move since 31-Jan-06	Share price % move in 2006	Capitalisation move since 31-Jan-06
Alphameric	SP	£0.91	£109.8m	17.2	1.57	417	-1%	2%	-£1.21m
Alterian	SP	£1.24	£50.4m	33.4	6.46	620	-6%	-6%	-£3.25m
Anite Group	CS	£0.75	£259.7m	62.1	1.37	436	-1%	10%	-£2.61m
Ascribe	SP	£0.33	£35.3m		5.27	1737	-4%	-6%	-£1.61m
Atlantic Global	SP	£0.18	£4.1m		1.92	610	-5%	-16%	-£0.23m
Autonomy Corporation	SP	£4.80	£858.8m	101.3	25.73	147	16%	23%	£118.09m
Aveva Group	SP	£10.26	£224.7m	36.6	3.91	5130	-1%	10%	-£2.85m
Axon Group	CS	£3.53	£201.4m	33.9	3.34	2014	14%	29%	£24.14m
Bond International	SP	£0.98	£24.6m	13.1	3.50	1500	-3%	-2%	-£0.63m
Brady	SP	£0.22	£5.5m	8.4	2.33	265	-9%	-32%	-£0.52m
Business Systems	CS	£0.12	£10.1m	10.9	0.34	101	0%	-29%	£0.00m
Capita Group	CS	£4.75	£3,080.3m	29.2	2.40	128402	11%	14%	£294.12m
Centrom	CS	£0.05	£8.3m		1.31	771	0%	3%	£0.00m
Charteris	CS	£0.32	£13.8m	24.6	0.71	356	-9%	-11%	-£1.29m
Chelford Group	CS	£2.65	£18.8m	27.7	1.59	46087	-2%	9%	-£0.36m
Civica	CS	£2.46	£153.3m	205.0	1.47	1405	-2%	-1%	£25.74m
Clarity Commerce	SP	£0.67	£10.6m	26.6	0.80	532	0%	-13%	£0.00m
Clinical Computing	SP	£0.05	£1.5m		0.85	38	-34%	-53%	-£0.79m
CODASciSys	CS	£4.94	£125.3m	32.5	1.85	3826	2%	19%	£2.16m
Comino	SP	£3.34	£46.7m	25.3	1.83	2569	0%	0%	£0.07m
Compel Group	CS	£0.81	£27.1m	25.3	0.43	648	-13%	-9%	-£4.75m
Computacenter	R	£2.84	£539.8m	22.4	0.22	424	7%	11%	£35.64m
Computer Software Group	SP	£0.80	£45.0m	19.9	3.20	681	7%	20%	£3.09m
Cornwell Management Consultants	CS	£0.99	£17.4m	12.3	0.98	711	-11%	33%	-£2.11m
Corpora	SP	£0.10	£9.4m		18.90	257	-17%	-20%	£1.37m
DCS Group	CS	£0.14	£4.2m		0.08	225	29%	26%	£0.93m
Dealogic	SP	£1.53	£108.7m	17.7	3.51	663	2%	3%	£1.78m
Delcam	SP	£3.05	£18.6m	14.4	0.86	1173	-12%	-8%	-£2.59m
Detica	CS	£12.97	£289.9m	35.2	4.13	3243	0%	8%	£0.67m
Dicom Group	R	£2.47	£213.7m	37.6	1.19	757	11%	19%	£20.45m
Dimension Data	R	£0.48	£651.8m	65.1	0.47	86	-1%	21%	-£5.10m
DRS Data & Research	SP	£0.38	£12.3m		0.85	341	-1%	0%	-£0.16m
Electronic Data Processing	SP	£0.63	£13.9m		1.67	1929	2%	-5%	£0.15m
FDM Group	A	£0.76	£17.5m		0.53	926	-12%	-10%	-£2.32m
Flastfill	SP	£0.04	£10.3m		3.89	35	0%	10%	£0.01m
Financial Objects	CS	£0.41	£16.6m		1.74	178	2%	4%	£0.40m
Flomerics Group	SP	£0.95	£0.2m		0.02	3635	8%	9%	-£0.03m
Focus Solutions Group	CS	£0.20	£5.6m	21.7	1.03	100	-5%	-7%	-£0.29m
GB Group	CS	£0.31	£25.3m		2.25	200	-8%	-9%	-£2.24m
Gladstone	SP	£0.20	£10.2m	49.4	1.34	494	-2%	-16%	-£0.26m
Glotel	A	£0.87	£33.6m	15.0	0.37	452	-7%	5%	-£2.48m
Gresham Computing	CS	£0.98	£49.7m		4.00	1056	2%	21%	£0.88m
Group NBT	CS	£1.30	£25.4m	14.6	2.25	650	18%	14%	£3.81m
Harvey Nash Group	A	£0.53	£4.4m	1.5	0.03	304	16%	20%	£0.16m
Highams Systems Services	A	£0.03	£1.0m		0.08	90	13%	4%	£0.12m
Horizon Technology	CS	£0.83	£70.0m	15.9	0.37	305	-2%	-1%	£9.42m
I S Solutions	CS	£0.13	£3.3m		0.60	494	2%	-2%	£0.06m
IBS OPENSystems	CS	£1.68	£67.0m	30.0	6.42	1098	-1%	5%	-£0.80m
ICM Computer Group	CS	£3.06	£64.2m	20.1	0.83	1700	3%	-8%	£2.01m
IDOX	SP	£0.13	£23.8m	15.0	2.49	16	-4%	-11%	-£0.93m
In Technology	CS	£0.30	£42.3m		0.15	1200	0%	-6%	£0.00m
Innovation Group	SP	£0.29	£135.8m		2.23	127	-9%	-3%	-£7.86m
Intelligent Environments	SP	£0.03	£4.9m		1.59	32	4%	-8%	£0.20m
Intercede Group	SP	£0.36	£1.6m		0.9	592	11%	4%	£0.18m
InterQuest Group	A	£0.52	£13.8m		0.56	896	21%	20%	£2.83m
Invu	SP	£0.21	£38.5m	15.9	12.24	2211	-9%	0%	-£0.89m
iSOFT Group	SP	£1.86	£434.3m	11.6	1.66	1691	1%	-52%	£6.70m
iTrain	SP	£0.04	£3.4m	43.8	3.15	51	-3%	-19%	-£0.10m
K3 Business Technology	SP	£1.05	£17.9m		2.10	798	-5%	27%	-£1.03m
Kewill	SP	£0.90	£70.7m	22.4	2.65	1774	14%	25%	£8.47m
Knowledge Technology Solutions	SP	£0.02	£2.6m		2.08	350	0%	0%	£0.00m
LogicaCMG	CS	£2.01	£2,305.9m	73.8	1.38	2753	11%	13%	£225.53m
Lorien	A	£0.36	£6.6m	8.3	0.05	355	0%	-10%	£0.00m
Macro 4	SP	£2.47	£55.1m	36.8	1.66	994	1%	-6%	£0.56m
Manpower Software	SP	£0.27	£12.1m	56.8	2.35	281	1%	-5%	£0.11m

UK software and IT services share prices and market capitalisation - February 2006

	SCS Cat	Share Price 28-Feb-06	Capitalisation 28-Feb-06	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 28-Feb-06	Share price move since 31-Jan-06	Share price % move in 2006	Capitalisation move since 31-Jan-06
Maxima Holdings	CS	£1.76	£27.5m	19.3	2.21	1276	23%	13%	£5.09m
Mediasurface	SP	£0.12	£9.3m		1.72	882	-4%	2%	-£0.39m
Micro Focus	SP	£0.78	£155.9m	12.9	1.92	0	-41%	-34%	-£109.05m
Microgen	CS	£0.75	£76.2m	41.4	1.80	318	-3%	1%	-£2.05m
Minorplanet Systems	SP	£0.52	£15.5m		0.70	1052	-5%	17%	-£0.75m
Misys	SP	£2.35	£1,192.5m	32.6	1.34	2924	-4%	-2%	-£42.63m
Mondas	SP	£0.11	£3.7m		0.80	140	2%	-19%	£0.09m
Morse	R	£1.16	£177.8m		0.46	464	-7%	21%	-£13.03m
MSB International	A	£0.39	£8.0m	17.6	0.09	205	5%	8%	£0.41m
NCC Group	CS	£2.50	£81.3m	23.8	4.33	1494	-8%	8%	-£7.01m
Ncipher	SP	£3.05	£85.3m	27.8	5.99	1220	17%	47%	£12.30m
Netcall	SP	£0.16	£10.6m	53.3	4.38	323	-6%	23%	-£0.63m
Netstore	CS	£0.41	£51.3m		2.40	275	1%	7%	£0.62m
Nexus Management	CS	£0.00	£1.9m		1.61	173	-5%	-14%	-£0.10m
Northgate Information Solutions	CS	£0.83	£442.1m	46.4	2.15	319	-3%	-3%	-£15.98m
NSB Retail Systems	SP	£0.33	£118.7m		2.61	2826	1%	0%	£0.91m
OneclickHR	SP	£0.04	£6.1m		1.28	103	-3%	-6%	-£0.19m
OPD Group (was PSD Group)	A	£2.72		26.1	0.00	1234	3%	8%	-£65.80m
Parity	A	£0.06	£18.0m		0.11	1042	-17%	-31%	-£3.61m
Patsystems	SP	£0.14	£22.5m		1.91	131	-5%	4%	-£1.20m
Phoenix IT	CS	£3.14	£186.0m	22.3	2.11	1162	-6%	16%	-£12.59m
Pilat Media Global	SP	£0.40	£20.9m	28.0	1.74	2000	-8%	-10%	-£1.08m
Pixology	SP	£0.59	£11.7m		2.59	419	5%	6%	£0.60m
Planit Holdings	SP	£0.24	£22.0m	15.0	0.78	1000	2%	-6%	£0.46m
Portrait Software (was AIT)	CS	£0.23	£19.9m		1.39	151	-6%	-13%	-£1.30m
Prologic	CS	£0.53	£5.3m	18.4	0.76	633	-13%	-15%	-£0.75m
QA	CS	£0.01	£2.7m	23.8	0.09	4	52%	27%	£0.93m
Qonnectis	CS	£0.02	£3.0m		0.05	500	-6%	-12%	-£0.20m
Quantica	A	£0.67	£44.1m	16.1	1.43	540	19%	15%	£8.06m
Raft International	SP	£0.06	£3.6m		0.50	87	0%	-4%	£0.00m
Red Squared	CS	£0.07	£1.8m		1.09	357	-2%	-2%	-£0.04m
Retail Decisions	SP	£1.50	£116.9m	22.1	3.68	2026	2%	12%	£2.73m
RM	SP	£1.86	£171.9m	81.0	0.65	5321	2%	18%	£5.29m
Royalblue Group	SP	£8.80	£287.4m	27.8	4.81	5174	12%	22%	£29.74m
Sage Group	SP	£2.77	£3,577.7m	24.8	4.61	106635	4%	7%	£149.05m
Sanderson Group	SP	£0.52	£21.0m		1.45	1030	1%	-2%	£0.20m
SDL	CS	£2.16	£132.6m	44.4	2.12	1440	-2%	0%	-£2.15m
ServicePower	SP	£0.32	£25.9m		6.30	320	-3%	3%	-£0.81m
Sirius Financial	SP	£1.14	£20.1m	51.8	0.93	760	-6%	-22%	-£1.23m
SiRViS IT plc	CS	£0.04	£4.1m		1.3	32	38%	21%	£1.14m
smartFOCUS plc	SP	£0.17	£12.7m		4.5	1784	-8%	10%	-£1.16m
Sopheon	SP	£0.19	£25.3m		5.84	273	0%	-3%	£0.00m
Spring Group	A	£0.57	£92.2m		0.19	636	-4%	-8%	-£3.29m
StatPro Group	SP	£0.65	£22.6m	9.6	2.49	806	2%	-2%	£0.35m
SThree Group plc	A	£2.78	£383.9m	17.2	1.58	1351	4%	29%	£15.52m
Stilo International	SP	£0.02	£2.0m		0.98	45	-10%	-14%	-£0.23m
SurfControl (was JSB)	SP	£5.65	£26.6m		0.51	2826	0%	8%	£2.71m
Systems Union	SP	£1.79	£197.7m	25.9	1.90	1373	7%	36%	£13.86m
Tadpole Technology	SP	£0.03	£10.4m		2.16	63	-9%	-28%	-£0.99m
Tikit Group	CS	£2.05	£26.0m	107.6	2.18	1778	23%	17%	£4.89m
Torex Retail	SP	£0.98	£320.1m	37.7	4.71	2450	12%	-8%	£35.25m
Total Systems	SP	£0.40	£4.2m	19.2	1.22	755	-6%	0%	-£0.26m
Touchstone Group	SP	£1.32	£16.4m		0.95	1257	-4%	-3%	£0.69m
Trace Group	SP	£0.99	£15.0m	13.8	0.97	792	4%	4%	£0.53m
Triad Group	CS	£0.52	£7.8m		0.17	381	0%	1%	£0.00m
Ubiquity Software	SP	£0.28	£51.3m		9.66	704	-14%	-25%	-£8.16m
Ultima Networks	R	£0.01	£2.3m		1.21	27	-18%	-31%	-£0.51m
Ultrasis Group	SP	£0.02	£29.7m		19.35	46	11%	13%	£2.96m
Universe Group	SP	£0.17	£10.7m	33.3	0.24	756	-3%	-11%	-£0.32m
Vega Group	CS	£2.43	£49.4m	21.3	0.94	1988	20%	19%	£8.14m
VI group	SP	£0.09	£3.4m		0.36	185	-8%	12%	-£0.28m
Xansa	CS	£1.00	£344.0m	29.3	0.91	2564	4%	11%	£12.90m
XKO Group	SP	£1.23	£42.3m	3.0	0.94	817	10%	21%	£3.87m
Xpertise Group	CS	£0.01	£3.6m		0.27	34	-8%	-17%	-£0.31m

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

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Alphameric plc

	Final - Nov 04	Final - Nov 05	Comparison
REV	£69,973,000	£73,493,000	+5.0%
PBT	-£59,487,000	£7,555,000	Loss to profit
EPS	-50.90p	5.10p	Loss to profit

Alterian plc

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

Anite Group plc

	Interim - Oct 04	Final - Apr 05	Interim - Oct 05	Comparison
REV	£96,472,000	£189,403,000	£83,566,000	-13.4%
PBT	£9,539,000	£6,820,000	£10,066,000	+5.5%
EPS	1.90p	0.50p	2.60p	+36.8%

Ascribe plc

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

Atlantic Global plc

	Interim - Jun 04	Final Dec 04	Interim - Jun 05	Comparison
REV	£988,000	£2,146,000	£930,000	-5.9%
PBT	£121,000	£188,000	-£468,000	Profit to loss
EPS	0.23p	0.50p	-1.55p	Profit to loss

Autonomy Corporation plc

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

Aveva Group plc

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

Axon Group plc

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

Bond International Software plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£4,239,000	£9,578,000	£5,924,000	+39.7%
PBT	£711,000	£1,881,000	£1,070,000	+50.5%
EPS	2.40p	6.63p	3.10p	+29.2%

Brady plc

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

Business Systems Group Holdings plc

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

Capita Group plc

	Final - Dec 04	Final - Dec 05	Comparison
REV	£1,285,100,000	£1,435,500,000	+11.7%
PBT	£117,000,000	£153,100,000	+30.9%
EPS	11.21p	16.05p	+43.2%

Charteris plc

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

Chelford Group plc

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

Civica plc

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

Clarity Commerce plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£8,236,000	£16,310,000	£8,415,000	+2.2%
PBT	£306,000	£513,000	£323,000	+5.6%
EPS	2.49p	2.36p	1.47p	-41.0%

Clinical Computing plc

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

CODASciSys plc

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

Comino Group plc

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

Compel Group plc

	Interim - Dec 04	Final - Jun 05	Interim - Dec 05	Comparison
REV	£41,512,000	£79,103,000	£41,032,000	-1.2%
PBT	£1,204,000	£1,346,000	£931,000	-22.7%
EPS	3.60p	3.40p	2.10p	-41.7%

Computacenter plc

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

Computer Software Group plc

	Interim - Aug 04	Final - Feb 05	Interim - Aug 05	Comparison
REV	5328000	£14,072,000	£10,972,000	+105.9%
PBT	£86,000	£928,000	£955,000	+1005.5%
EPS	0.25p	3.19p	0.98p	+292.0%

Cornwell Management Consultants plc

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

Corpora plc

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

DAT Group

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£1,028,000	£2,424,000	-£1,784,000	-273.5%
PBT	-£1,370,000	-£2,376,000	-£952,000	Loss both
EPS	-9.60p	-14.70p	-5.10p	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	+12.4%
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 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£16,395,000	£33,446,080	£17,260,330	+5.3%
PBT	£4,879,000	£10,538,040	£6,112,500	+25.3%
EPS	2.14p	5.53p	4.18p	+95.3%

Delcam plc

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

Detica Group plc

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

Dicom Group plc

	Interim - Dec 04	Final - Jun 05	Interim - Dec 05	Comparison
REV	£86,908,000	£179,795,000	£102,877,000	+18.4%
PBT	£7,450,000	£10,479,000	£4,640,000	-37.7%
EPS	5.90p	27.30p	3.40p	-42.4%

Dimension Data Holdings plc

	Final - Sep 04	Final - Sep 05	Comparison
REV	£1,371,186,768	£1,571,761,404	+14.6%
PBT	-£2,423,052	£28,800,244	Loss to profit
EPS	-1.53p	0.78p	Loss to profit

DRS Data & Research Services plc

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

Electronic Data Processing plc

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

FDM Group

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

Ffastfill Plc

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

Financial Objects plc

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

Flomerics Group plc

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

Focus Solutions Group plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£1,921,000	£5,431,000	£2,731,000	+42.2%
PBT	-£809,000	£26,000	-£585,000	Loss both
EPS	-2.80p	0.10p	-2.00p	Loss both

GB Group plc

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

Gladstone Plc

	Final - Aug 04	Final - Aug 05	Comparison
REV	£7,649,463	£8,411,642	+10.0%
PBT	£498,926	£195,919	-60.7%
EPS	1.19p	0.38p	-68.1%

Glotel plc

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

Gresham Computing plc

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

Group NBT plc

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

Harvey Nash Group plc

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

Highams Systems Services Group plc

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

Horizon Technology Group plc

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

IBS OPENSystems plc

		Final - Dec 05		Comparison
REV	N/a	£15,623,000	N/a	N/a
PBT	N/a	£3,331,000	N/a	N/a
EPS	N/a	6.00p	N/a	N/a

ICM Computer Group plc

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

IDOX plc

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

Innovation Group plc (The)

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

InTechnology plc

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

Intelligent Environments Group plc

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

Intercede Group plc

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

InterQuest Group plc

	Interim - May 04	Final - Dec 04	Interim - May 05	Comparison
REV	£12,127,936	£24,389,937	£12,558,585	+3.6%
PBT	£451,174	£926,876	£576,009	+27.7%
EPS	2.50p	4.80p	2.40p	-4.0%

iomart Group plc

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

INVU plc

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

iSOFT Group plc

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

I S Solutions plc

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

iTrain plc

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

K3 Business Technology Group plc

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

Kewill Systems plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£13,198,000	£26,680,000	£13,699,000	+3.8%
PBT	£1,011,000	£2,894,000	£1,339,000	+32.4%
EPS	1.60p	3.40p	1.50p	-6.3%

Knowledge Technology Solutions Plc

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

LogicaCMG plc

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

Lorien plc

	Interim - May 04	Final - Nov 04	Interim - May 05	Comparison
REV	£56,552,000	£122,598,000	£61,266,000	+8.3%
PBT	£340,000	£1,152,000	-£369,000	Profit to loss
EPS	1.00p	6.90p	-1.60p	Profit to loss

Macro 4 plc

	Interim - Dec 04	Final - Jun 05	Interim - Dec 04	Comparison
REV	£16,596,000	£33,103,000	£14,940,000	-10.0%
PBT	£1,767,000	£2,779,000	£1,482,000	-16.1%
EPS	5.50p	11.80p	4.70p	-14.5%

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Manpower SoftWare plc

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

Matrix Communications

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

Maxima Holdings plc

	Interim - Nov 04	Final - 31 May 05	Interim - Nov 05	Comparison
REV	£6,200,000	£8,076,157	£8,093,000	+30.5%
PBT		£1,038,016	£389,000	N/a
EPS	4.70p	8.30p	7.12p	+51.5%

Mediasurface plc

	Final - Sep 04		Final - Sep 05	Comparison
REV	£5,403,482		£6,796,433	+25.8%
PBT	-£737,394		-£811,609	Loss both
EPS	-0.60p		-1.00p	Loss both

Micro Focus International plc

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

Microgen plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£21,113,000	£42,444,000	£21,227,000	+0.5%
PBT	£1,325,000	£1,118,000	£3,561,000	+168.8%
EPS	2.10p	0.20p	2.50p	+19.0%

Minorplanet Systems Plc

	Final - Aug 04		Final - Aug 05	Comparison
REV	£31,300,000		£22,000,000	-29.7%
PBT	-£16,400,000		-£19,200,000	Loss both
EPS	-14.90p		-12.00p	Loss both

Misys plc

	Interim - Nov 04	Final - May 05	Interim - Nov 05	Comparison
REV	£437,000,000	£888,400,000	£480,500,000	+10.0%
PBT	£40,200,000	£77,100,000	£34,400,000	-14.4%
EPS	6.80p	12.30p	5.60p	-17.6%

Mondas plc

	Interim - Oct 04	Final - Apr 05	Interim - Oct 05	Comparison
REV	£1,816,653	£4,592,675	£1,538,960	-15.3%
PBT	-£1,454,358	-£1,384,081	-£1,159,743	Loss both
EPS	-5.50p	-5.30p	-4.40p	Loss both

Morse plc

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

MSB International plc

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

NCC Group plc

	Interim - Nov 04	Final - May 05	Interim - Nov 05	Comparison
REV	£8,513,000	£18,786,000	£9,807,000	+15.2%
PBT	£2,312,000	£5,417,000	£2,606,000	+12.7%
EPS	3.30p	10.00p	5.30p	+60.6%

Ncipher Plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£14,244,000		£14,244,000	+0.0%
PBT	£2,061,000		£3,833,000	+86.0%
EPS	7.80p		10.89p	Loss to profit

Netcall plc

	Interim - Dec 04	Final - Jun 05	Interim - Dec 05	Comparison
REV	£1,432,000	£2,822,086	£1,592,700	+11.2%
PBT	£50,600	£158,059	£149,100	+194.7%
EPS	0.10p	0.20p	0.20p	+100.0%

Netstore plc

	Interim - Dec 04	Final - Jun 05	Interim - Dec 05	Comparison
REV	£10,111,000	£21,397,000	£16,140,000	+59.6%
PBT	£321,000	£653,000	-£1,659,000	Loss to profit
EPS	0.56p	1.43p	1.13p	Loss to profit

Nexus Management plc

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

Northgate Information Solutions plc

	Interim - Oct 04	Final - Apr 05	Interim - Oct 05	Comparison
REV	£96,816,000	£205,692,000	£162,664,000	+68.0%
PBT	£3,881,000	£3,889,000	£10,003,000	+157.7%
EPS	2.40p	0.79p	1.18p	-50.8%

NSB Retail Systems plc

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

OneclickHR plc

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

Parity Group plc

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

Patsystems plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£11,775,000		£15,457,000	+31.3%
PBT	-£2,929,000		-£777,000	Loss both
EPS	-1.40p		-0.50p	Loss both

Phoenix IT Group plc

	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£41,549,000	£88,331,000	£54,751,000	+31.8%
PBT	£7,065,000	£11,084,000	£8,851,000	+25.3%
EPS	11.00p	15.40p	10.10p	-8.2%

Pilat Media Global plc

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

Pixology plc

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

Planit Holdings plc

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

Portrait Software

	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£8,017,000	£14,288,000	£4,827,000	-39.8%
PBT	£1,558,000	£1,433,000	£464,000	-70.2%
EPS	2.87p	2.49p	-0.77p	-126.8%

Prologic plc

	Interim - Sept 04	Final - Mar 05	Interim - Sept 05	Comparison
REV	£2,067,000	£6,928,000	£4,513,000	+118.3%
PBT	-£4,000	£1,433,000	£21,000	Loss to profit
EPS	-0.02p	2.76p	-0.10p	Loss both

PSD Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£20,378,000	£43,714,000	£26,952,000	+32.3%
PBT	£1,583,000	£2,856,000	£2,317,000	+46.4%
EPS	3.70p	7.20p	6.60p	+78.4%

QA plc

	Final - Nov 04		Final - Nov 05	Comparison
REV	£30,153,000		£31,180,000	+3.4%
PBT	-£2,386,000		£141,000	Loss to profit
EPS	-1.40p		0.05p	Loss to profit

Qonnectis

	Final - Jun 04		Final - Jun 05	Comparison
REV	£24,128,000	£30,848,000	£60,007,000	+148.7%
PBT	-£596,203	£1,957,000	£1,048,503	Loss both
EPS	-0.69p	3.32p	-0.93p	Loss both

Quantica plc

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

Raft International plc

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

Red Squared plc

	Final - Sep 04		Final - Sep 04	Comparison
REV	£1,696,513		£2,455,915	+44.8%
PBT	-£466,614		-£290,700	Loss both
EPS	-2.32p		-1.05p	Loss both

Retail Decisions plc

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

RM plc

	Final - Sep 04		Final - Sep 05	Comparison
REV	£263,264,000		£262,707,000	-.2%
PBT	£7,054,000		£5,459,000	-22.6%
EPS	4.30p		2.20p	-48.8%

royalblue group plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£59,768,000		£74,234,000	+24.2%
PBT	£9,802,000		£11,336,000	+15.6%
EPS	22.30p		31.00p	+39.0%

Sage Group plc

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

Sanderson Group plc

	Final - Sep 04		Final - Sep 05	Comparison
REV	£11,880,000		£15,460,000	+30.1%
PBT	-£328,000		-£482,000	Loss both
EPS	-1.00p		-1.29p	Loss both

SDL plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£62,690,000		£78,479,000	+25.2%
PBT	£4,432,000		£5,217,000	+17.7%
EPS	5.19p		4.68p	-9.8%

ServicePower Technologies plc

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

Sirius Financial Solutions plc

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

Sirvis IT plc

	Interim - Nov 05	Final - May 05	Final - May 05	Comparison
REV	£3,948,000	£8,083,000	£4,028,000	+2.0%
PBT	£345,000	-£2,432,000	£202	-99.9%
EPS	0.16p	-2.45p	0.09p	-43.8%

smartFOCUS plc

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

Sopheon plc

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

Spring Group plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£476,429,000		£454,725,000	-4.6%
PBT	£963,000		-£5,463,000	Loss both
EPS	4.91p		-4.89p	Loss both

StatPro Group plc

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

Strategic Thought Group plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£3,704,000	£9,250,000	£5,077,000	+37.1%
PBT	£513,000	£1,731,000	£901,000	+75.6%
EPS	1.70p	5.80p	3.40p	+100.0%

Stilo International Plc

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

SurfControl plc

	Interim - Dec 04	Final - Jun 05	Interim - Dec 05	Comparison
REV	£25,440,000	£52,601,075	£27,072,000	+6.4%
PBT	£1,690,000	£4,097,312	-£337,000	Profit to loss
EPS	4.60p	20.80p	-0.88p	Profit to loss

System C Healthcare plc

	Interim - Nov 04	Final - May 05	Interim - Nov 05	Comparison
REV	£8,843,000	£18,228,000	£8,581,000	-3.0%
PBT	£1,710,000	£2,532,000	£400,000	-76.6%
EPS	2.31p	0.77p	3.08p	+33.3%

Systems Union Group plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£104,230,000		£113,354,000	+8.8%
PBT	£4,614,000		£8,189,000	+77.5%
EPS	3.90p		6.70p	+71.8%

Tadpole Technology plc

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

Tikit Group plc

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

Torex Retail plc

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

Total Systems plc

	Interim - Sep 04	Final - Mar 05	Interim - Sep 05	Comparison
REV	£1,696,642	£3,451,633	£1,419,101	-16.4%
PBT	£136,878	£496,098	-£61,309	Profit to loss
EPS	1.03p	3.56p	-0.44p	Profit to loss

Touchstone Group plc

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

Trace Group plc

	Interim - Nov 04	Final - May 05	Interim - Nov 05	Comparison
REV	£7,314,000	£16,110,706	£7,210,000	-1.4%
PBT	£235,000	£1,223,406	£415,000	+76.6%
EPS	0.93p	5.92p	2.00p	+115.1%

Ubiquity Software Corporation plc

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

Ultima Networks plc

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

Ultrasis Group plc

	Final - Jul 03		Final - Jul 04	Comparison
REV	£548,000		£1,535,000	+180.1%
PBT	-£12,864,000		-£364,000	Loss both
EPS	-0.53p		-0.02p	Loss both

Universe Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£20,349,000	£43,992,000	£22,302,000	+9.6%
PBT	-£224,000	-£74,000	£175,000	Loss to profit
EPS	-0.38p	-0.10p	0.23p	Loss to profit

Vega Group plc

	Interim - Oct 04	Final - Apr 05	Interim - Oct 05	Comparison
REV	£24,519,000	£52,602,000	£30,637,000	+25.0%
PBT	£1,638,000	£2,907,000	£1,963,000	+19.8%
EPS	5.83p	8.61p	6.24p	+7.0%

VI Group plc

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

Xansa plc

	Interim - Oct 04	Final - Apr 05	Interim - Oct 05	Comparison
REV	£189,500,000	£376,400,000	£175,900,000	-7.2%
PBT	£4,900,000	£10,800,000	£7,800,000	+59.2%
EPS	1.15p	2.58p	1.90p	+65.2%

XKO Group plc

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

Xpertise Group plc

	Final - Dec 04		Final - Dec 05	Comparison
REV	£13,170,000		£15,274,000	+16.0%
PBT	-£668,000		-£245,000	Loss both
EPS	0.16p		-0.06p	Loss both

A mixed bag in a flat month

With an overall performance that was (almost) as flat as a pancake, February brought with it a mixed selection of share price performances. The Ovum software and IT services index climbed an unremarkable 0.48% to 5160. This performance was mirrored by the FTSE 100, which increased 0.54% to 5791 during the month. techMARK faired slightly worse, with a decline of 1.86%, while both the FTSE IT services index and AIM gained c3.0%.

There was a definite split across the sectors within the Ovum index. Software providers and resellers both dipped, by 1.6% and 1.7% respectively. Micro Focus was a big loser (down 41% to 78p) in the software sector, having announced the departure of its CEO and warned that it would see a decline in full-year revenues. The resellers were let down by (among others) Morse, which declined 7% to 116p. On the 1 March, Morse's share price dropped further, after it announced its interim results.

In the better performing IT services sector, double digit performance from QA, SiRVis IT, DCS Group and Tikit helped to create an overall increase of 3.2%. The staffing companies didn't fair too badly overall (although again there was a mixed bag of results at the individual level). InterQuest Group (+21% to 52p), Quantica (+19% to 67p) and Harvey Nash (+16% to 53p) were notable gainers. During the month, Harvey Nash issued a pre-close statement advising the market that group revenues and profits for the year ended 31 January 2006 were likely to be ahead of the board's expectations. (Kate Hanaghan)

28-Feb-06	S/ITS Index					5160.27
	FTSE IT (SCS) Index					591.10
	techMARK 100					1469.25
	FTSE 100					5791.50
	FTSE AIM					1177.50
SCSI Index =1000 on 15th April 1989	FTSE SmallCap					3570.68
Changes in Indices	**S/ITS Index**	**FTSE 100**	**techMARK 100**	**FTSE IT SCS Index**	**FTSE AIM Index**	**FTSE Small Cap**
Month (01/02/06 to 28/02/06)	+0.48%	+0.54%	-1.86%	+3.33%	+3.33%	+2.26%
From 15th Apr 89	+416.03%	+182.02%				
From 1st Jan 90	+460.84%	+145.19%				
From 1st Jan 91	+628.99%	+168.08%				
From 1st Jan 92	+393.87%	+132.30%				
From 1st Jan 93	+223.81%	+103.46%				+157.37%
From 1st Jan 94	+209.08%	+69.42%				+91.08%
From 1st Jan 95	+244.21%	+88.93%				+104.46%
From 1st Jan 96	+128.48%	+56.98%	+86.16%		+23.50%	+83.91%
From 1st Jan 97	+92.73%	+40.62%	+60.63%		+20.63%	+63.56%
From 1st Jan 98	+70.02%	+12.77%	+54.01%	-40.89%	+18.70%	+54.36%
From 1st Jan 99	+30.92%	-1.55%	+0.91%	-59.12%	+46.89%	+72.42%
From 1st Jan 00	-55.01%	-16.43%	-61.12%	-84.10%	-39.07%	+15.27%
From 1st Jan 01	-38.37%	-6.93%	-42.73%	-69.67%	-18.10%	+12.17%
From 1st Jan 02	+7.55%	+11.00%	-0.23%	-29.99%	+31.15%	+38.44%
From 1st Jan 03	+90.22%	+46.98%	+126.46%	+73.74%	+95.31%	+96.13%
From 1st Jan 04	+10.35%	+29.36%	+44.75%	+17.37%	+40.95%	+44.27%
From 1st Jan 05	+4.77%	+20.30%	+22.81%	+21.68%	+17.07%	+29.46%
From 1st Jan 06	+1.61%	+3.07%	+2.62%	+3.96%	+12.56%	+8.02%

End Feb 06	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 since 1/1/06	Move in Feb 06
System Houses	23.5%	-51.9%	-35.3%	16.6%	132.3%	21.1%	10.4%	4.9%	3.2%
IT Staff Agencies	-72.6%	-76.1%	-62.0%	-31.5%	3.1%	-32.4%	-14.4%	4.0%	3.5%
Resellers	103.6%	-1.9%	29.7%	44.4%	95.2%	1.9%	12.2%	7.8%	-1.7%
Software Products	74.6%	-58.0%	-69.5%	-1.7%	62.7%	0.3%	3.0%	-1.3%	-1.6%
Holway S/ITS Index	30.9%	-55.0%	-38.4%	7.5%	90.2%	10.3%	4.8%	1.6%	0.5%