

## Key players & market trends



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PricewaterhouseCoopers, in association with the European National Software Associations : Europe (ESA), France (AFDEL), UK (BASDA) and Pierre Audoin Consultants as technical advisors, is pleased to present the 2008 *EuroSoftware100*.

## The interviews

In addition to the quantitative findings, 13 executives were interviewed for this report. We thank all of them for their contributions.



**SAP AG,**  
Léo Apotheker,  
co-CEO



**RM,**  
Mike Greig,  
Group Finance Director



**Salesforce.com,**  
Marc Benioff,  
CEO



**Beta Systems AG,**  
Thomas Große Osterhues,  
Senior Manager Marketing  
Communications



**Cegid Group**  
Patrick Bertrand,  
CEO



**IFS,**  
Tony Humphries,  
Head of Analyst Relations



**Dassault Systèmes**  
Bernard Charlès,  
CEO



**Micro Focus**  
Stephen Kelly,  
CEO



**Microsoft,**  
Jean Philippe Courtois,  
President Microsoft  
International



**Hewlett Packard**  
Steen Lomholt-Thomsen,  
Vice President



**Misys,**  
Cory Eaves,  
CIO & CTO



**Unit 4 Agresso,**  
Chris Ouwinga,  
CEO



**GL Trade**  
Pierre Gatignol,  
President and CEO



More than in many other sectors of the economy, the software industry is constantly under the pressure of change, innovation, growth, emerging technologies and new business models. At the same time, software is becoming ever more pervasive, entering every aspect of not only businesses and enterprises, but also every day life.

Even if European software vendors have recently been impacted by an extraordinary concentration, Europe represents a growing, fast moving and innovative market totalling approximately 30% of the worldwide software spending.

We are honoured to present the first edition of *EuroSoftware100*. This is the first index to be created under the joint initiative of major European Software associations: the European Software Association (ESA), the BASDA (the UK), and the AFDEL (France) and is unique in its form and in its content.

*EuroSoftware100* presents a series of indices, including the top software vendors in Europe as well as an index for each of the three main European markets in Germany, the UK and France.

These indices are presented together with a qualitative analysis, summarising the views of CEOs and senior executives of major software players in Europe on key trends the software industry will surely face in the next five years.

In carrying out this analysis, PricewaterhouseCoopers confirms its commitment to accompany software vendors in Europe with services ranging from advisory to audit, tax and legal services.

We hope that this publication provides interesting views on the European software market and that it brings a fresh perspective on how software companies in Europe deal with and contribute to trends that will likely continue to reshape the industry in the near future.

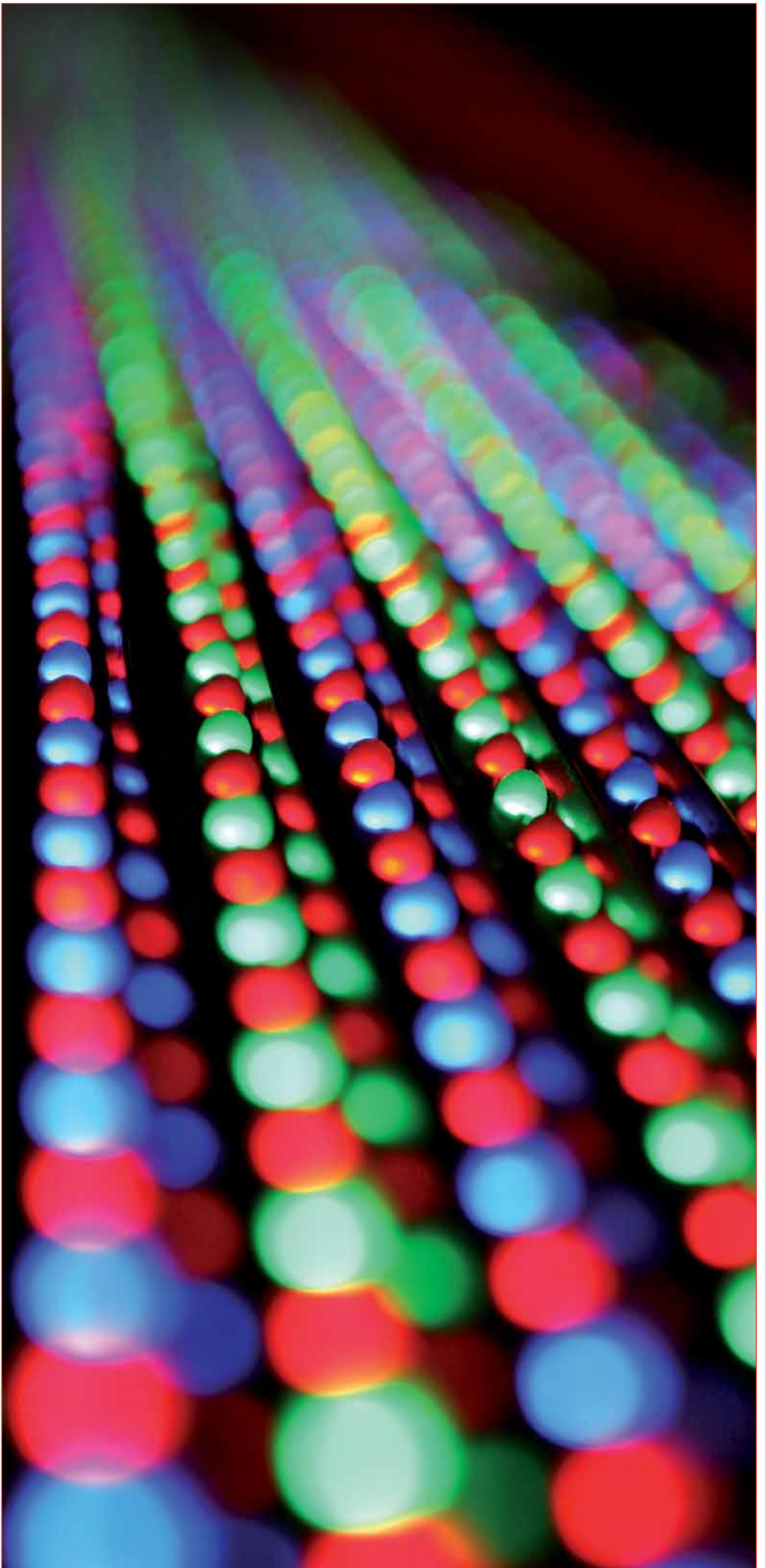
If you would like further information or if we can be of service to your business in any way, please see page 47 to contact us.

**Pierre Marty**  
PricewaterhouseCoopers  
European Software Lead Partner

**Jeremy Roche**  
ESA  
President

**Patrick Bertrand**  
AFDEL  
President

**Jairo Rojas**  
BASDA  
Director General





European vendors ranked by software revenue in Europe (in millions of euros)

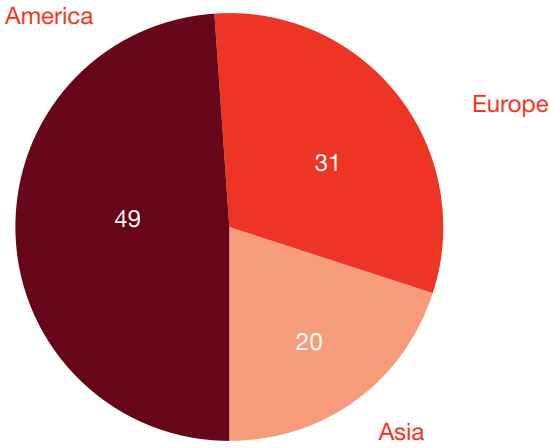
| Rank | European leaders | Company                                     |       | Software Europe | Total Europe | Total Worldwide |
|------|------------------|---|-------|-----------------|--------------|-----------------|
| 1    |                  | Microsoft                                   | US    | 9 355           | 11 135       | 39 192          |
| 2    |                  | IBM   | US    | 4 200           | 23 664       | 72 202          |
| 3    | 1                | SAP (incl. Business Objects)                | DE    | 3 807           | 5 105        | 11 346          |
| 4    |                  | Oracle (incl. Hyperion in April 07)         | US    | 2 889           | 3 673        | 13 860          |
| 5    |                  | Symantec                                    | US    | 1 270           | 1 319        | 4 155           |
| 6    |                  | HP  | US    | 1 100           | 27 215       | 77 673          |
| 7    |                  | EMC   | US    | 1 050           | 2 579        | 9 670           |
| 8    |                  | CA  | US    | 765             | 868          | 3 025           |
| 9    | 2                | Sage  | UK    | 715             | 835          | 1 714           |
| 10   |                  | Adobe Systems                               | US    | 645             | 681          | 2 327           |
| 11   |                  | SAS   | US    | 587             | 672          | 1 571           |
| 12   |                  | Autodesk                                    | US    | 505             | 570          | 1 571           |
| 13   | 3                | Dassault Systemes                           | FR    | 469             | 576          | 1 259           |
| 14   |                  | BMC Software                                | US    | 346             | 362          | 1 225           |
| 15   |                  | Fujitsu Siemens Computers                   | JP/DE | 315             | 5 955        | 6 610           |
| 16   |                  | BEA Systems                                 | US    | 307             | 342          | 1 111           |
| 17   |                  | Infor Global Solutions                      | US    | 306             | 508          | 1 232           |
| 18   | 4                | Logica                                      | UK    | 297             | 4 306        | 4 493           |
| 19   |                  | Sun Microsystems                            | US    | 288             | 3 449        | 10 635          |
| 20   |                  | Citrix Systems                              | US    | 275             | 327          | 1 017           |
| 21   |                  | Siemens PLM Software (former UGS)           | US    | 260             | 344          | 980             |
| 22   |                  | McAfee                                      | US    | 255             | 281          | 956             |
| 23   |                  | Cognos (acquired by IBM in Feb 08)          | CA    | 216             | 255          | 786             |
| 24   |                  | PTC   | US    | 200             | 253          | 708             |
| 25   | 5                | Software AG (incl. webMethods as of Jun 07) | DE    | 192             | 327          | 621             |
| 26   |                  | Check Point Software                        | US    | 190             | 210          | 534             |
| 27   |                  | NCR (excl. Teradata as of Oct 07)           | US    | 190             | 1 519        | 4 211           |
| 28   | 6                | Unit 4 Agresso                              | NL    | 190             | 311          | 321             |
| 29   |                  | Open Text                                   | CA    | 185             | 220          | 457             |
| 30   | 7                | Symbian                                     | UK    | 182             | 202          | 284             |
| 31   |                  | SunGard                                     | US    | 180             | 838          | 3 582           |
| 32   |                  | Cadence Design Systems                      | US    | 176             | 206          | 1 180           |
| 33   |                  | Fujitsu                                     | JP    | 170             | 5 198        | 32 998          |
| 34   |                  | Apple                                       | US    | 165             | 4 246        | 18 063          |
| 35   |                  | Compuware                                   | US    | 164             | 210          | 870             |
| 36   |                  | Sybase                                      | US    | 160             | 225          | 750             |
| 37   |                  | Novell                                      | US    | 155             | 223          | 719             |
| 38   |                  | TIBCO Software                              | US    | 152             | 168          | 425             |
| 39   | 8                | Sopra                                       | FR    | 151             | 956          | 1 001           |
| 40   |                  | Acision                                     | US    | 151             | 201          | 365             |
| 41   | 9                | iSoft (now IBA Health as of Oct 07)         | UK    | 148             | 234          | 259             |
| 42   |                  | Cisco Systems                               | US    | 143             | 5 308        | 26 601          |
| 43   |                  | Mentor Graphics                             | US    | 141             | 152          | 643             |
| 44   | 10               | Agfa HealthCare                             | BE    | 140             | 696          | 1 392           |
| 45   | 11               | VISMA                                       | NO    | 140             | 340          | 340             |
| 46   | 12               | Wincor Nixdorf                              | DE    | 138             | 1 598        | 2 145           |
| 47   | 13               | Cegid                                       | FR    | 136             | 241          | 241             |
| 48   |                  | Progress Software                           | US    | 134             | 149          | 364             |
| 50   | 14               | Exact Software                              | NL    | 132             | 162          | 252             |

Source: PAC, 2007 figures

| Rank | European leaders | Company   |    | Software Europe | Total Europe | Total Worldwide |
|------|------------------|---|----|-----------------|--------------|-----------------|
| 51   |                  | TrendMicro  | JP | 132             | 140          | 601             |
| 52   |                  | CSC   | US | 130             | 3 413        | 11 671          |
| 53   |                  | Xerox   | US | 130             | 3 873        | 12 592          |
| 54   | 15               | TietoEnator   | FI | 129             | 1 745        | 1 772           |
| 55   |                  | NEC   | JP | 119             | 1 804        | 28 580          |
| 49   | 16               | Misys   | UK | 113             | 215          | 832             |
| 56   |                  | Synopsys  | US | 112             | 141          | 903             |
| 57   | 17               | GFI Informatique  | FR | 110             | 667          | 689             |
| 58   | 18               | Northgate   | UK | 110             | 512          | 520             |
| 59   | 19               | Centric<br>(incl. altro consult & SP Solution as of Jan 07) | NL | 108             | 789          | 789             |
| 60   | 20               | TEMENOS (incl. Actis. BSP as of Mar 07)                     | CH | 106             | 151          | 241             |
| 61   |                  | Amdocs  | US | 105             | 458          | 2 134           |
| 62   | 21               | Nemetschek  | DE | 103             | 117          | 146             |
| 63   |                  | Intergraph  | US | 99              | 139          | 482             |
| 64   |                  | Comverse  | US | 98              | 131          | 579             |
| 65   |                  | Hitachi   | JP | 93              | 6 647        | 69 778          |
| 66   | 22               | IFS   | SE | 90              | 195          | 255             |
| 67   |                  | MICROS Systems  | US | 90              | 187          | 602             |
| 68   | 23               | Reuters Enterprise  | UK | 90              | 330          | 659             |
| 69   |                  | Intuit  | US | 88              | 102          | 2 036           |
| 70   |                  | Lawson  | US | 86              | 239          | 578             |
| 71   | 24               | EDB Business Partner  | NO | 85              | 793          | 793             |
| 72   | 25               | SimCorp   | DK | 85              | 129          | 157             |
| 73   |                  | SPSS  | US | 85              | 95           | 213             |
| 74   |                  | Unisys  | US | 85              | 1 506        | 4 131           |
| 75   | 26               | GL Trade (bought by Sungard in 08)                          | FR | 82              | 135          | 203             |
| 76   |                  | Quest Software  | US | 81              | 91           | 461             |
| 77   | 27               | Anite   | UK | 80              | 191          | 257             |
| 78   |                  | Salesforce.com  | US | 79              | 87           | 542             |
| 79   | 28               | CliniSys (ECI Partners)                                     | UK | 78              | 98           | 98              |
| 80   | 29               | Capita  | UK | 78              | 3 031        | 3 031           |
| 81   | 30               | Cegedim (incl. Dendrite as of May 07)                       | FR | 76              | 606          | 753             |
| 82   | 31               | TelelogiC (acquired by IBM in Apr 08)                       | SE | 75              | 92           | 186             |
| 83   | 32               | Murex   | FR | 74              | 113          | 151             |
| 84   | 33               | SDL   | UK | 73              | 81           | 172             |
| 85   | 34               | Teamsystem Lince Group                                      | IT | 71              | 177          | 177             |
| 86   | 35               | F-Secure  | FI | 70              | 78           | 97              |
| 87   | 36               | Reply Group   | IT | 70              | 277          | 277             |
| 88   | 37               | CompuGroup  | DE | 69              | 165          | 180             |
| 89   | 38               | Sophos  | UK | 69              | 77           | 119             |
| 90   |                  | Sterling Commerce (indirect AT & T)                         | US | 65              | 73           | 409             |
| 91   | 39               | Panda Security  | SP | 65              | 81           | 108             |
| 92   | 40               | Torex Retail (acquired by General Atlantic)                 | UK | 65              | 292          | 366             |
| 93   |                  | Cerner  | US | 64              | 106          | 1 111           |
| 94   |                  | Informatica   | US | 64              | 71           | 286             |
| 95   | 41               | Fidessa (incl. LatentZero as of May 07)                     | UK | 62              | 101          | 197             |
| 96   | 42               | Indra (incl. Azertia & soluziona as Jan 07)                 | ES | 62              | 1 807        | 2 168           |
| 97   | 43               | Autonomy Group (incl. Zantaz in Jul 07)                     | UK | 61              | 73           | 251             |
| 98   |                  | Borland   | US | 61              | 65           | 196             |
| 99   | 44               | Zucchetti   | IT | 61              | 195          | 195             |
| 100  | 45               | Atos Origin   | FR | 60              | 5 459        | 5 855           |

# Key Market Figures

## Share of the worldwide software market (%)



Source: PAC, 2007 figures

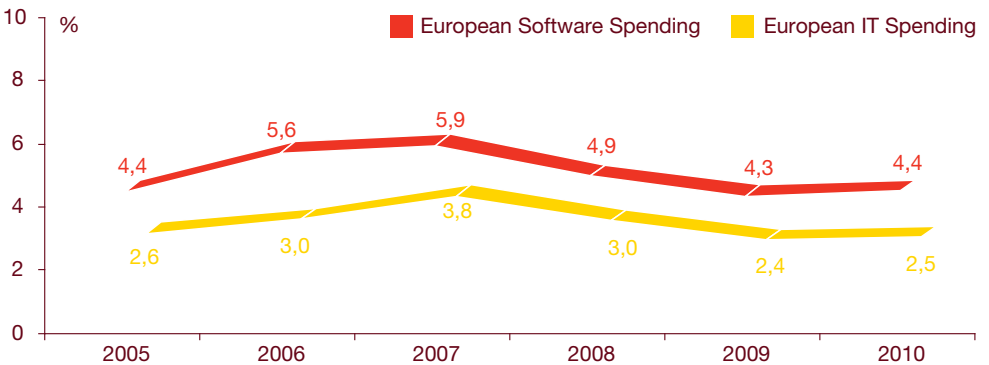
## European software vendors in the top 20 worldwide

| Rank | Company                | Nat | Total revenue | Software revenue |
|------|------------------------|-----|---------------|------------------|
| 1    | Microsoft              | US  | 39 192        | 31 000           |
| 2    | IBM                    | US  | 72202         | 13 320           |
| 3    | Oracle (inc. Hyperion) | US  | 13 860        | 11 075           |
| 4    | SAP (incl. BO)         | DE  | 11 346        | 8 256            |
| 15   | Sage                   | UK  | 1 714         | 1 304            |
| 16   | Dassault Systemes      | FR  | 1 259         | 1 160            |

Source: PAC, 2007 figures

Within the Top 20, the 15 US Software vendors account for more than 37% of the worldwide market.

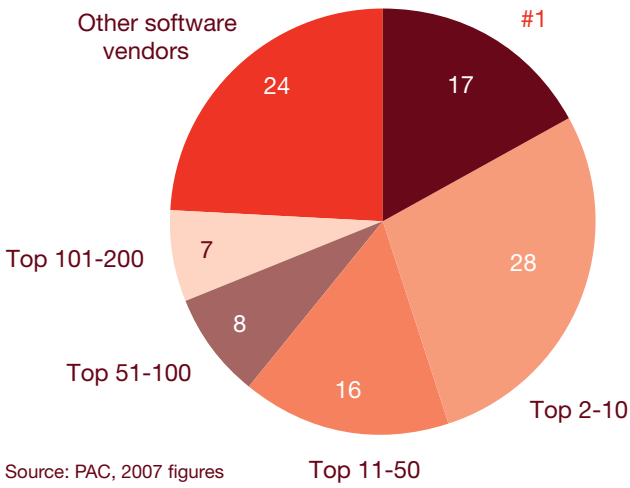
## Growth in software and IT spending in Europe (%)



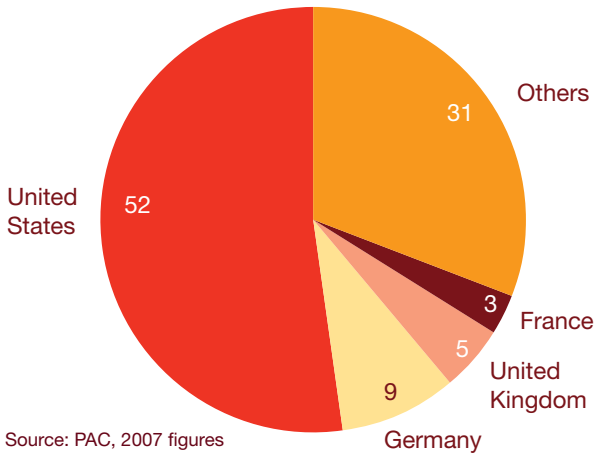
Source: PAC, 2007 figures



**Concentration of the European Software Market (%)**



**European market share, in the top 200, by software vendors' origin (%)**



| Rank | European leaders | Company  |    | Software Europe | Total Europe | Total Worldwide |
|------|------------------|--|----|-----------------|--------------|-----------------|
| 101  | 46               | Avaloq   | CH | 60              | 73           | 73              |
| 102  | 47               | Getronics  | NL | 60              | 1 990        | 2 665           |
| 103  | 48               | IECISA   | ES | 60              | 1 028        | 1 028           |
| 104  | 49               | BETA Systems Software  | DE | 59              | 76           | 89              |
| 105  |                  | Red Hat  | US | 58              | 68           | 375             |
| 106  |                  | Aspen Technology   | US | 57              | 74           | 261             |
| 107  | 50               | Bull   | FR | 56              | 827          | 1 117           |
| 108  | 51               | IDS Scheer   | DE | 56              | 275          | 394             |
| 109  | 52               | Linedata Services  | FR | 56              | 129          | 165             |
| 110  |                  | MicroStrategy  | US | 55              | 67           | 256             |
| 111  |                  | Epicor (incl. Scala)   | US | 53              | 76           | 314             |
| 112  | 53               | Msg systems  | DE | 53              | 245          | 254             |
| 113  | 54               | Telvent (incl. Matchmind as of Oct 07)   | ES | 53              | 374          | 624             |
| 114  |                  | Information Builders   | US | 52              | 58           | 241             |
| 115  |                  | Serena Software  | US | 52              | 60           | 195             |
| 116  | 55               | SSP (incl. Sirius as of Jun 07)  | UK | 52              | 85           | 87              |
| 117  | 56               | Micro Focus  | UK | 51              | 53           | 133             |
| 118  |                  | Accenture  | US | 50              | 6 559        | 14 923          |
| 119  |                  | ADP  | US | 50              | 821          | 7 144           |
| 120  | 57               | CCH (Wolters Kluwer Tax & Accounting Unit)   | NL | 50              | 198          | 441             |
| 121  | 58               | CODA (bought by Unit 4 Agresso in Jan 08)  | UK | 50              | 75           | 86              |
| 122  | 59               | Gepin Group  | IT | 49              | 53           | 53              |
| 123  | 60               | COA Solutions (incl. Open Accounts, OpenPeople, Goldenhill Computer Systems & Strada Systems as of Mar 07) | UK | 48              | 66           | 66              |
| 124  | 61               | RM   | UK | 48              | 397          | 401             |
| 125  | 62               | Avanquest (incl. Nova and Emme)  | FR | 47              | 54           | 112             |
| 126  | 63               | Digia (former SysOpen Digia)   | FI | 45              | 106          | 106             |
| 127  |                  | FIS (incl. Kordoba, Certegy)   | US | 45              | 211          | 3 478           |
| 128  | 64               | ILOG (acquired by IBM in 08)   | FR | 45              | 53           | 128             |
| 129  |                  | JDA Software   | US | 45              | 62           | 273             |
| 130  | 65               | Basware  | FI | 45              | 69           | 73              |
| 131  | 66               | SWORD (incl. Apak)   | FR | 44              | 156          | 179             |
| 132  | 67               | EMIS – Egton Medical Information Systems   | UK | 43              | 71           | 71              |
| 133  | 68               | IRIS (former Computer software group)  | UK | 43              | 49           | 55              |
| 134  |                  | Corel  | US | 42              | 46           | 185             |
| 135  | 69               | IBS AB   | SE | 42              | 209          | 245             |
| 136  | 70               | ERI Bancaire   | CH | 42              | 68           | 76              |
| 137  | 71               | BT Global Services   | UK | 41              | 9 193        | 11 075          |
| 138  |                  | QAD  | US | 40              | 52           | 172             |
| 139  |                  | Convergys (not only telecom)   | US | 40              | 130          | 2 079           |
| 140  |                  | EDS  | US | 40              | 5 002        | 16 178          |
| 141  | 72               | KOFAX (former DICOM Group)   | UK | 40              | 156          | 237             |
| 142  | 73               | Civica   | UK | 39              | 154          | 188             |
| 143  |                  | Aladdin  | IE | 38              | 41           | 77              |
| 144  | 74               | MATERNA  | DE | 38              | 164          | 175             |
| 145  | 75               | Readsoft   | SE | 38              | 43           | 57              |
| 146  | 76               | QlikTech   | SE | 37              | 41           | 64              |
| 147  | 77               | Affecto (incl. Component Software as of Aug 07)  | FI | 37              | 75           | 97              |
| 148  | 78               | P & I  | DE | 37              | 57           | 59              |
| 149  | 79               | Höft & Wessel  | DE | 35              | 82           | 100             |
| 150  | 80               | Lexware  | DE | 35              | 47           | 47              |
| 151  | 81               | Viveo Trade & Finance  | FR | 35              | 55           | 55              |
| 152  | 82               | Infracom IT  | IT | 35              | 120          | 120             |

| Rank | European leaders | Company  |    | Software Europe | Total Europe | Total Worldwide |
|------|------------------|--|----|-----------------|--------------|-----------------|
| 153  | 83               | ICT Automatisering   | NL | 34              | 88           | 88              |
| 154  | 84               | EskoArtwork  | BE | 34              | 126          | 180             |
| 155  | 85               | GAD (incl. Elaxy)  | DE | 34              | 560          | 560             |
| 156  |                  | HR Access (Fidelity)   | US | 34              | 52           | 52              |
| 157  | 86               | Lectra   | FR | 34              | 113          | 217             |
| 158  | 87               | Inaz   | IT | 34              | 34           | 34              |
| 159  | 88               | Open International Group (incl. MGI & MI)                              | UK | 33              | 58           | 58              |
| 160  | 89               | De La Rue  | UK | 32              | 359          | 1 070           |
| 161  | 90               | Alphameric (retail rev discontinued - > Torex)                         | UK | 32              | 66           | 66              |
| 162  | 91               | Finnova  | CH | 32              | 40           | 40              |
| 163  |                  | Kabira   | US | 32              | 44           | 88              |
| 164  |                  | McKesson Technology Solutions (incl. Per-Se & NDC Health as of Jan 07) | US | 32              | 79           | 1 747           |
| 165  |                  | Openwave Systems   | US | 32              | 35           | 222             |
| 166  | 92               | AVEVA  | UK | 32              | 35           | 181             |
| 167  | 93               | Comptel  | FI | 31              | 49           | 82              |
| 168  | 94               | Berger Levrault  | FR | 31              | 57           | 83              |
| 169  |                  | Fair Isaac   | US | 31              | 60           | 618             |
| 170  | 95               | Interflex Datensysteme   | DE | 31              | 68           | 73              |
| 171  | 96               | SuperOffice  | NO | 31              | 39           | 39              |
| 172  | 97               | Psion Teklogics  | UK | 31              | 153          | 292             |
| 173  | 98               | Capgemini  | FR | 30              | 6 813        | 8 703           |
| 174  | 99               | Data Management  | IT | 30              | 100          | 100             |
| 175  | 100              | ErgoGroup  | NO | 30              | 700          | 700             |
| 176  | 101              | I.R.I.S. Group   | BE | 30              | 81           | 95              |
| 177  |                  | Interwoven   | US | 30              | 35           | 165             |
| 178  | 102              | LMS International  | BE | 30              | 80           | 120             |
| 179  | 103              | Teleca   | SE | 30              | 134          | 185             |
| 180  | 104              | Utimaco  | DE | 30              | 39           | 49              |
| 181  | 105              | Generix Group (incl. Influe as of Mar 07 and Infolog as of Jan 08)     | FR | 29              | 51           | 51              |
| 182  | 106              | Intec Telecom Systems  | UK | 29              | 58           | 184             |
| 183  | 107              | Serco  | UK | 29              | 3 400        | 4 110           |
| 184  | 108              | Tekla  | FI | 29              | 33           | 58              |
| 185  | 109              | Mamut  | NO | 29              | 51           | 56              |
| 186  |                  | Banctec  | US | 28              | 82           | 257             |
| 187  | 110              | CSB-System   | DE | 28              | 50           | 56              |
| 188  | 111              | KMD  | DK | 28              | 470          | 470             |
| 189  | 112              | Schleupen  | DE | 28              | 50           | 50              |
| 190  | 113              | Xchanging  | UK | 28              | 672          | 685             |
| 191  | 114              | Vizrt  | NO | 27              | 31           | 63              |
| 192  | 115              | Enea   | SE | 27              | 71           | 89              |
| 193  |                  | Vignette   | US | 27              | 33           | 140             |
| 194  | 116              | Orc Software   | SE | 26              | 35           | 57              |
| 195  | 117              | AAC Cosmos   | NL | 26              | 83           | 83              |
| 196  | 118              | Isagri   | FR | 26              | 48           | 52              |
| 197  | 119              | LHS  | DE | 26              | 38           | 98              |
| 198  | 120              | Aerosystems International (BAE Systems)                                | UK | 26              | 51           | 59              |
| 199  | 121              | Esi Group  | FR | 25              | 32           | 69              |
| 200  | 122              | Integralis (former Articon-Integralis)                                 | DE | 25              | 129          | 158             |

> Software includes Application software, system software, tools

> This ranking is based on license and maintenance & support revenue

> Figures are Pierre Audoin Consultants estimates and have not been validated by the companies

> OEM activity is included in the software vendor figures (Microsoft, etc.)

# A market dominated by Americans...

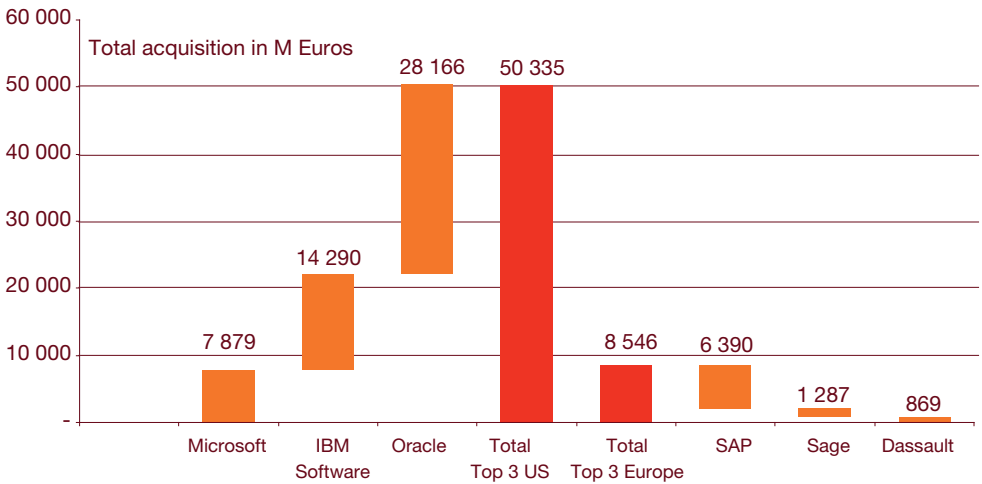
## Number of software vendors in Top 200 European market

|              | Top 20    | Top 100   | Top 200    | Total      |
|--------------|-----------|-----------|------------|------------|
| US           | 15        | 33        | 22         | 70         |
| UK           | 2         | 13        | 19         | 34         |
| FR           | 1         | 7         | 12         | 20         |
| DE           | 1         | 4         | 14         | 19         |
| SE           |           | 2         | 6          | 8          |
| FI           |           | 2         | 5          | 7          |
| IT           |           | 3         | 4          | 7          |
| NL           |           | 3         | 4          | 7          |
| NO           |           | 2         | 4          | 6          |
| JP           | 1         | 4         |            | 5          |
| BE           |           | 1         | 3          | 4          |
| CH           |           | 1         | 3          | 4          |
| ES           |           | 2         | 2          | 4          |
| CA           |           | 2         |            | 2          |
| DK           |           | 1         | 1          | 2          |
| IE           |           |           | 1          | 1          |
| <b>Total</b> | <b>20</b> | <b>80</b> | <b>100</b> | <b>200</b> |

Source: PAC, 2007 figures

## Comparison of Top 3 US vs Top 3 Europe

Volume of Acquisitions (total deal amount) over the 2003-2008 period



Source: PAC, 2007 figures

- US Software vendors make up three quarters of the top 20 and nearly half of the top 100
- Total deals of the US top 3 vendors represent nearly six times the total of Europe top 3

# ...and a conquering European industry

- The European market is dominated by American and local vendors.
- There is a clear national champion in each of the three biggest markets: SAP in Germany, Sage in the UK and Dassault Systèmes in France.
- Medium-sized software suppliers have also entered the race to reach critical size.

## **Top 10 application software vendors' revenue in Europe**

| Rank | Company                                  | Nat | Revenue |
|------|--|-----|---------|
| 1    | SAP                                      | DE  | 3525    |
| 2    | Microsoft                                | US  | 3310    |
| 3    | Oracle<br>(incl.Hyperion as of April 07) | US  | 817     |
| 4    | Sage                                     | UK  | 715     |
| 5    | Adobe Systems                            | US  | 555     |
| 6    | Autodesk                                 | US  | 505     |
| 7    | Dassault Systemes                        | FR  | 469     |
| 8    | Infor Global Solutions                   | US  | 306     |
| 9    | IBM                                      | US  | 295     |
| 10   | Logica                                   | UK  | 277     |

Source: PAC, 2007 figures

In the application domain, local specificities (regulations, industries) tend to reinforce market concentration: Unit 4 Agresso/Coda, CEGID (VCS Timeless and Civitas).

They also have allowed for the emergence of a solid application software industry with global, mid-sized and niche players.

## **Top 10 Infrastructure software vendors' revenue in Europe**

| Rank | Company                                | Nat       | Revenue |
|------|--|-----------|---------|
| 1    | Microsoft                              | US        | 6045    |
| 2    | IBM                                    | US        | 3905    |
| 3    | Oracle (Incl. Hyperion as of April 07) | US        | 2072    |
| 4    | Symantec                               | US        | 1270    |
| 5    | EMC                                    | US        | 1050    |
| 6    | HP                                     | US        | 1010    |
| 7    | CA                                     | US        | 765     |
| 8    | SAS                                    | US        | 422     |
| 9    | BMC Software                           | US        | 346     |
| 10   | Fujitsu Siemens Computers              | JP/<br>DE | 315     |

Source: PAC, 2007 figures

- Europeans are not represented in the top 10 infrastructure software vendors

European vendors recognised in development tools and BPM / SOA have acquired American players : Software AG / Webmethods or Axway / Tumbleweed.

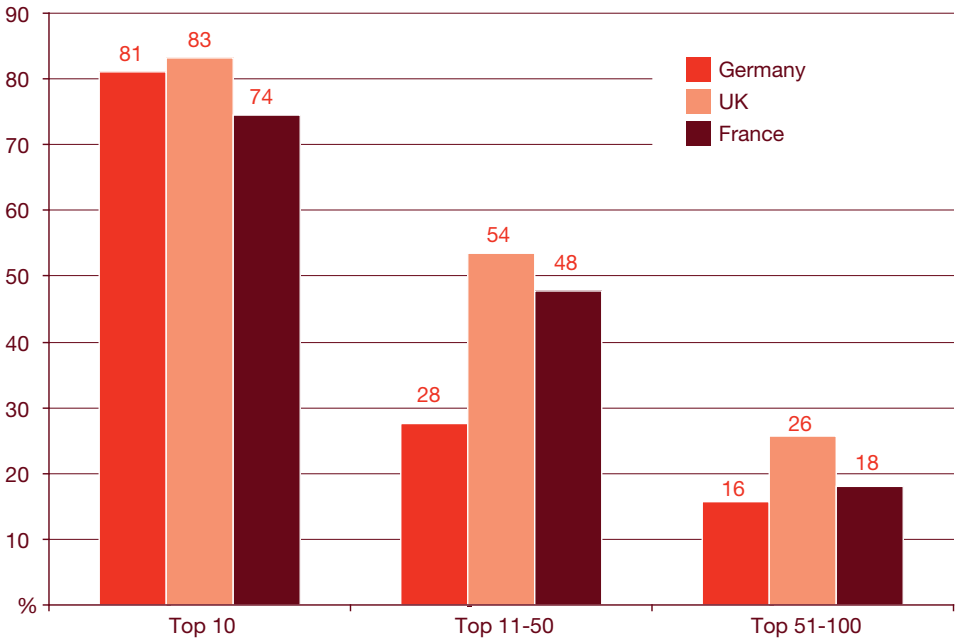
Certain smaller European vendors have experienced dramatic growth:

- Enterprise search: Sinequa (FR), Exalead (FR)
- Mobility: Netviewer (DE), BIS (UK)
- Business Intelligence: Qlik Tech (SE)
- Vertical: GK Software (DE), COR (DE)

Strong European presence in certain industry-specific applications:

- Banking / finance: Temenos, Murex, Simcorp, Linedata
- Public sector: iSoft (UK), Computergroup (DE), GFI Progiiciels (FR) and Berger Levrault (FR)
- PLM: Centric, Dassault Systèmes, Nemetschek, Lectra, IGE XAO

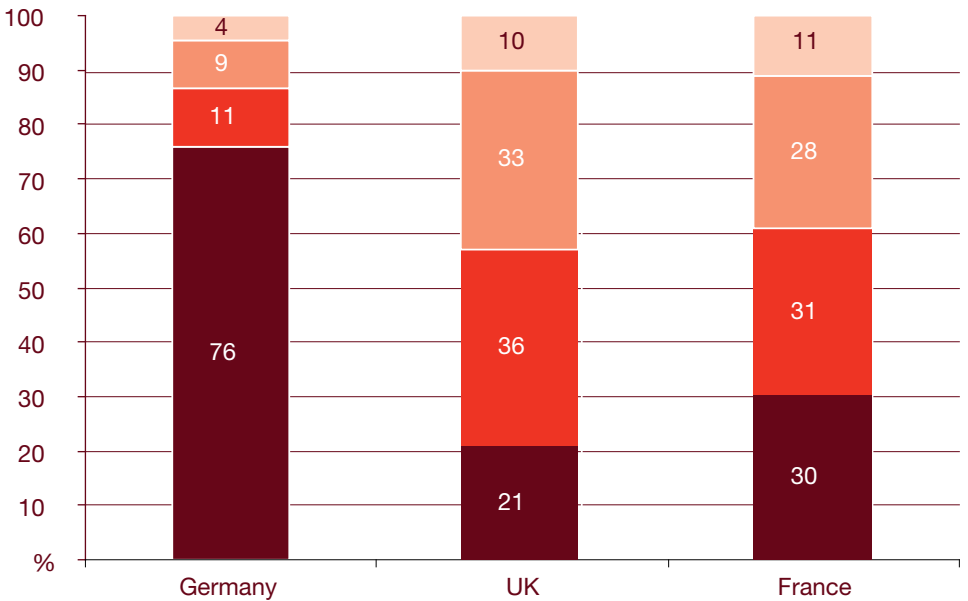
**Comparison of international activity of the Top 100 software vendors in France, UK and Germany (in %)**



Source: PAC, 2007 figures

Capacity to export is correlated to the size of the business.

**Weight of major national players for Germany, France and the UK (in %)**

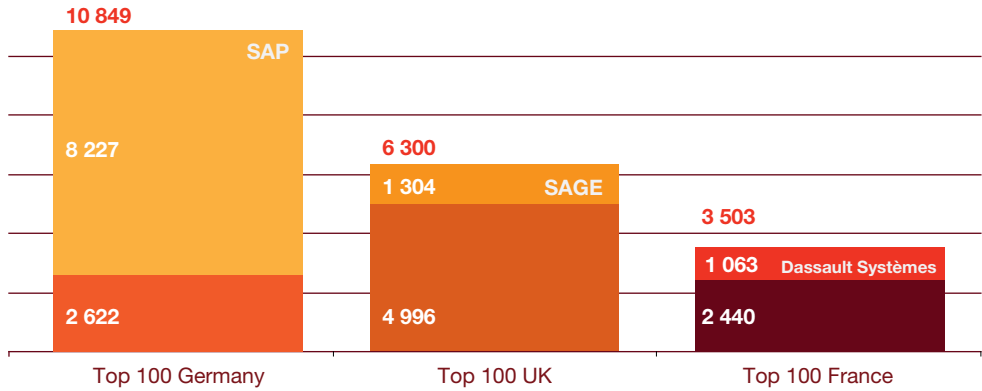


Source: PAC, 2007 figures

■ Top 1 ■ Top 2-10 ■ Top 11-50 ■ Top 51-100

SAP is clearly an exception in the European Industry

### National champion software revenues (in millions of euros)



Source: PAC, 2007 figures

Without SAP, Germany would be behind the UK. Recent acquisitions of french software vendors represented of combined revenue of €1.2 billion.

- Germany takes third place on the European market, with its SAP champion representing 76% of the Top 100 German leaders in software. SAP's weight was significantly strengthened with the acquisition of Business Objects. Germany is also well represented in the infrastructure market with Software AG, Beta Systems AG as well as SAP with Netweaver.
- The UK market is less concentrated than the German and French ones, with a diversified representation of medium to large software vendors (10 companies with more than 100 million British Pounds of revenues). This market has seen important acquisitions: Isoft by IBA health group, Coda by Unit 4 agresso, Financial Objects by Temenos, etc...
- Subsequent to a wave of recent acquisitions (Business Objects, GL Trade, Ilog, XRT, etc...) the French market is left with one global player (Dassault Systèmes). Beyond that, there are several key players mainly focusing on application software and a vast network of dynamic and growing smaller French software vendors.

# Analysis & Opinions

Although fairly recent, the software industry shows strong signs of maturity. These signs include pressures on operating margins, increasing concentration amongst a few vendors, search for new business models and growth delivered increasingly through acquisitions rather than organically. Nonetheless, there are strong trends emerging that could dramatically reshape the industry, whose key characteristic revolves around never ending opportunities provided by technological shifts, innovation and constant agility.

How will European software companies adapt to thrive in their industry? To carry out the analysis, PricewaterhouseCoopers identified twelve key trends and asked the CEOs and senior executives of a number of key representative software players in Europe their views and opinions on how these will impact their business over the next five years. We are happy to present hereafter the results of this joint analysis, which confirms that the industry is actively monitoring and adapting its strategy to these evolutions.

*"American vendors could strengthen their presence in Europe over the next five years, mainly because they dominate the infrastructure, virtualisation and online services segment."*

**Bernard Charlès,**  
CEO, Dassault Systèmes



*"Software is vital to the European economy, especially in the current economic situation. By providing strategic agility to businesses of all sizes, software can help companies worldwide weather the storm by realizing efficiency gains and enhancing their competitiveness in global markets."*

**Léo Apotheker,**  
co-CEO, SAP AG

## American vendors will benefit from a leading positioning in certain key technologies and markets

Over the last few years, American software vendors have considerably strengthened their position in the European market, mainly through acquisitions. Indeed, more than 50% of the revenue generated in the European market is attributable to American vendors and one third of *EuroSoftware100* companies are headquartered in the US.

Although it is commonly acknowledged that American vendors are not likely to see their share in the European market decline in the coming years, opinions vary as to whether or not they will further strengthen their footprint.

One of the factors contributing to a relative status quo is the significant decrease in the number of companies of substantial size in Europe, which means that major acquisitions may simply no longer be possible on a large scale.

However, American vendors are strongly represented in booming sectors such as virtualisation and in the online delivery, including infrastructure and applications. Leading internet players are also expected to gain ground. Changes in these segments should logically provide American companies with an opportunity to boost their already dominant presence.

*"As the economy slows down across the world and financial pressures increase, survival will be increasingly difficult for borderline companies, leading to more consolidation."*

**Cory Eaves,**  
CIO & CTO,  
Misys

*"European companies should be prepared to be "hunters" rather than "hunted", against a background of more traditionally being "hunted"."*

**Stephen Kelly,**  
CEO, Micro Focus

*"Consolidation will not slow down, but it will be driven by European software vendors."*

**Chris Ouwinga,**  
CEO, Unit4Agresso

*"European companies will take a greater market share within the next five years."*

**Chris Ouwinga,**  
CEO, Unit 4 Agresso

*"Indian companies will use their financial strength to buy themselves into the market via acquisitions."*

**Cory Eaves,**  
CIO & CTO, Misys

*"There could be a real risk that Europe "gets caught" in US dominance. The introduction of lower cost, more agile Asian companies could mean that the European industry is squeezed in the middle."*

**Stephen Kelly,**  
CEO, Micro Focus

## Consolidation will not slow down

The major players have already taken advantage of most market consolidation opportunities, leaving fewer potential acquisitions in the short- to medium-term. This relative saturation could well curb the ambitions of American vendors. However, acquisitions of smaller software companies are likely to gather pace, with European vendors themselves setting the trend and leading the way. Once they have attained critical mass, these newly formed groups will represent attractive targets for their American counterparts.

The focus on the acquisition of smaller software companies is both an advantage and a drawback for the European sector: an advantage because it will boost initiative by providing favourable exit prospects for entrepreneurs and investors and a drawback because it will further impede the emergence of larger European players, if once a critical size is reached, insufficient long term capital makes European vendors an easy target.

In the near term, the most vulnerable companies will be hardest hit by the combined impact of the economic crisis, financial pressures and the maturity of certain markets, which will threaten their survival and pave the way for more consolidation.

## New players from Asia and emerging markets may not be ready yet, but could well be emerging through acquisitions

Opinions differ on the issue of emergence of new players from Asia and emerging markets. Some believe that the market will continue to be dominated by the US for a long time to come, with European vendors winning back some lost ground in the years ahead, but without any real breakthrough by new players from emerging markets. Others believe that Chinese and, in particular, Indian companies, which already have a strong foothold in IT services and are seeking to diversify into software applications, could prove to be potential acquirers of European companies.

*"Customers will be able to partition their portfolio of applications across on-premise deployment and service-based deployment, and optimise for user experience, management requirements, economics and other parameters of deployment choice."*

**Jean-Philippe Courtois,**

*President,  
Microsoft International*

*"The low upfront costs, low risks and fast return of cloud computing will make it much more appealing to companies constrained for cash but pressured to get quick return on technology."*

**Marc Benioff,**

*CEO, Salesforce.com*

*"We are going to witness a new era in software creation which will be pushed by convergence between software and content. Software will no longer just be a data processing tool but will convey information. The software industry is evolving from a paradigm involving only the vendor and the technology provider to one that will also include a content provider."*

**Patrick Bertrand,**

*CEO, Cegid*

## New business models such as software as a service will become increasingly important

Software as a Service (“SaaS”) or “Cloud Computing” business models should become increasingly widespread over the coming years. Although many do not expect SaaS to dominate the market in the short- to medium-term, this model will have a profound impact on the industry. While more and more new software products will be licensed and delivered as on line services, the rate of adoption for current software will be slower, due to lengthy installed base renewal cycles.

Software offerings will no longer be confined primarily to applications and will extend more and more to all areas, including infrastructure. Most vendors will continue their efforts to offer all or some of their software in a SaaS mode which, alongside the widespread adoption of Service Oriented Architecture (SOA) platforms, will radically impact their business models. In many instances, rather than the replacement of locally installed software, there will be an increasing complement of existing on-premise software with on-line services. Whatever the rate of adoption may be, traditional client server vendors will be challenged in their approach to these new technologies and its business model, while customers will open up more widely to the value propositions of Cloud Computing / SaaS.

## New players will give software vendors competition

The sector already faces competition, particularly from Internet players such as Google or Yahoo!, with a proliferation of online service offerings. In addition, many industrial products companies, particularly in the telecommunications, engineering and aerospace / defence sectors, are acquiring software vendors and providing more and more software functionality at each level of their product offering.

Finally, convergence is taking place at a third level with content providers developing their own software products (for example in the media / publishing). While it therefore seems likely that players that were not previously involved in software development will become active players in this sector, this trend will not lead to the decline of existing software vendors. On the contrary, they will benefit and draw new strength from these changes that will make software more and more pervasive, although in the long run, it will become critical for them to provide services or content as well as software products.

*"Research and development, innovation and software creation in France and in Europe are the key concerns, no matter what economic and/or technological model you choose!"*

**Patrick Bertrand,**  
CEO, Cegid

*"Open source is specifically a threat in Europe in the public sector."*

**Chris Ouwinga,**  
CEO, Unit 4 Agresso

*"Although technological changes encourage the emergence of new players, they do not necessarily imply the disappearance of existing ones. We generally accompany major trends rather than facing a complete revolution or "big bang"."*

**Patrick Bertrand,**  
CEO, Cegid

*"The real growth is going to be in cloud computing. American companies have an early lead here, but the new economics of development in the cloud means that there will be plenty of opportunities."*

**Marc Benioff,**  
CEO, Salesforce.com

## Open Source Software will be complementary rather than a direct competitor

Not all European software vendors foresee open source software as one of their main competitors. Although they all acknowledge that it is here to stay and is set to grow, many predict that open source software will be complementary. Open source software is not, therefore, perceived as a major threat. On the contrary, many software vendors are exploring using it more and more frequently and combining it with an offering increasingly based on services.

Nevertheless, for certain vendors, particularly those developing widely used applications, offerings based on open source software is perceived as a clear competitor now and going forward. Also there is a specific challenge for vendors dealing with customers in the public sector, who are perceived as favouring more open source based solutions.

## Technological challenges will focus on on-line services and virtualisation

The most common concerns about future technologies relate to online services, SaaS or cloud computing, SOA and virtualisation. All of these technologies make certain functions available to multiple users, and can involve the optimisation of assets or the sharing of applications and infrastructure. Although these technologies simultaneously maximise existing applications and claim to reduce cost of use, they do not necessarily offer new functionalities for the user. Business will look at Cloud Computing as a cost saving alternative, reducing in house servers and management staff, triggering a need to evaluate which workloads need to connect to other workloads and applications and how IT departments can best manage security, compliance and regulation.

As BASDA members we will strive to play our part in combating climate change in the following ways:

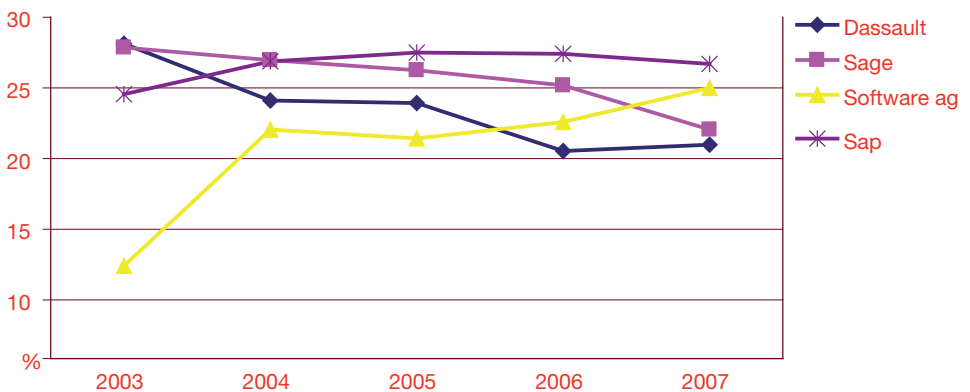
- We will take pro-active steps to increase the carbon efficiency of our own organisations such that we will be regarded as low-carbon entities
- We will enhance our software solutions to enable customers to become part of a carbon efficient economy
- Via BASDA, we will engage in the debate around green ICT – including measurement, reporting, data requirements and standards
- We will work as an industry through BASDA to educate and increase awareness of green issues as they relate to ICT and particularly business software

**BASDA,**  
Green Charter

*“Considering the sector as a whole, given the likely emergence and adoption of new technologies, there is no reason why operating margins should fall over the medium term.”*

**Bernard Charles,**  
CEO, Dassault Systèmes

**Operating Margins**



Source: PAC, 2007 figures



## Green IT will be a strong area of focus

Green IT will be an important factor in product development in the coming years and environmental awareness will be addressed in various ways by the software sector. Firstly, new applications aimed at measuring and managing greenhouse gas emissions will develop, as well as infrastructure management software with increasingly sophisticated “green” functionalities. Secondly, there is a move towards designing programs that optimise hardware resources, in particular servers, although the jury is still out on the actual impact of this trend. Finally, replacing hardware with software products is in itself an obvious means of reducing pollution, as is the use of applications that facilitate telecommunication, video conferencing, and so on. The software sector is therefore fully implicated in these developments, as demonstrated by BASDA's recent launch of its Green IT Charter, which has been adopted by the French association of software publishers (AFDEL). Signatories of the Charter make a clear commitment, both within their own organisations and through their software solutions, to contribute to an overall carbon efficient economy.

## Operating margins will probably decline in the short term, with some prospect of recovery later on

Over the last few years, many of the larger software vendors benefited from their acquisition strategy to improve or mitigate the decline of their operating margins. Indeed, while acquisitions favour economies of scale in general as well as the procurement of technology in certain cases, its main advantage from a financial point of view has been to leverage software vendors' sales and marketing efforts since increased size facilitates access to customers and cross selling. This access has a direct impact on operating margins, as sales and marketing expenses represent the main operating expense incurred by software vendors. While consolidation favours operating margins, the competition within mature markets plays against it. This trend will continue in the short run, contributing to a relative decline in operating margins. Firstly, fierce price pressure can be expected, with users carefully comparing the value propositions of different competing software vendors as well as weighing the pros and cons of the various models available (Software as a Service, Open Source). The financial crisis will exacerbate this trend. Secondly, new technologies such as virtualisation are still gaining market acceptance and are not yet in a position to generate the same level of operating margin as the more traditional offerings. Consequently, there will only be a return to high operating margins over the medium term, depending on the adoption of these technologies and on the ability of the sector to leverage on new economies of scale.

*"Being a global player in a wide spectrum of the technology markets provide more career development opportunities for talented staff as well as more ways to leverage your reach with customers."*

**Steen Lomholt-Thomsen,**

*Vice President Hewlett Packard Software EMEA*

*"Offshoring will continue to increase because there is a need for greater efficiency in R&D and we are lacking engineers in our territories."*

**Chris Ouwinga,**

*CEO,  
Unit 4 Agresso*

*"Offshoring is of value not only because it helps reducing costs, but this is also a way to access young talents and strengthening a presence in emerging markets."*

**Steen Lomholt-Thomsen,**

*Vice President Hewlett Packard Software EMEA*

## Talent management will remain a priority

Views differ on the challenges of talent management. On the one hand, the market's perception of the problem has been distorted by the current economic crisis, which has made it easier to recruit and retain employees, at least in the short term. On the other hand, companies are as anxious as ever to attract and keep the best candidates – whether engineers or marketing and service professionals. And when it comes to application software, the need is for dual industry and product development skills. This is why it is recommended to step-up software-specific education and introduce specialised courses addressing the whole range of skills required in the sector. However, offering challenging projects remains the most natural means of attracting talent and motivating teams.

## Offshoring will further develop, but will certainly not take a dominating role

Many think that offshoring will continue to develop, in line with trends observed in recent years. It is interesting to note that this trend is not only attributed to cost-cutting efforts, but also to the difficulties encountered in recruiting development engineers. The growing popularity of offshoring is nevertheless moderated by two factors: even if basic process development continues to be relocated, it is unlikely that research and highly technical and critical developments will follow suit, at least in the short- to medium-term. Moreover, many applications require significant user interaction if they are to be properly developed, and excessive offshoring makes this difficult, if not impossible.

*Most cited concerns  
of the future*

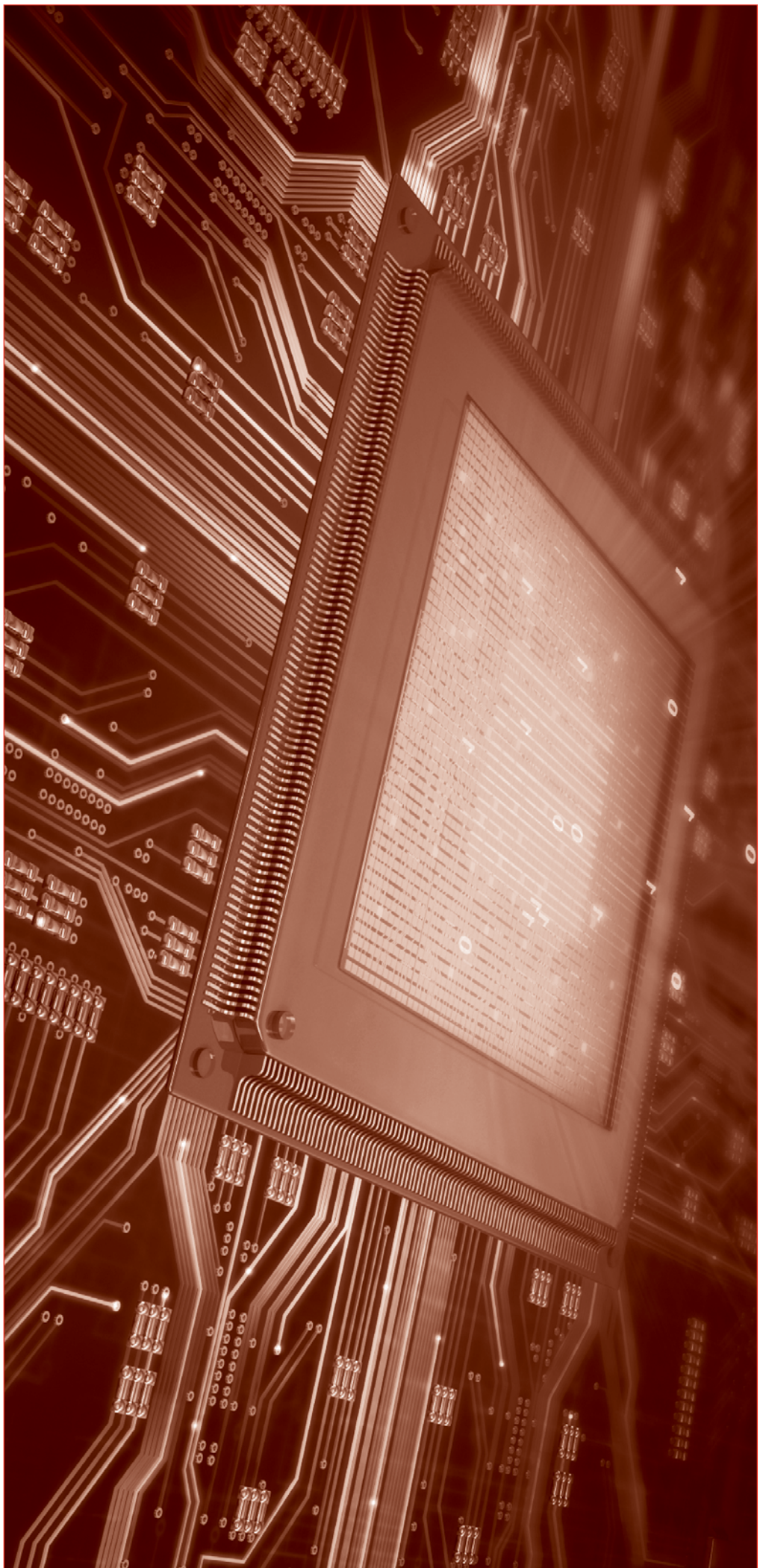
- > Technological evolution*
- > Recruiting and retaining talent*
- > Probability and good management*
- > Revenue Growth*

# European software companies will continue to face certain unique challenges

The software industry in Europe suffers from at least three disadvantages in comparison to its US counterpart:

- > Firstly, circumstances differ vastly from country to country, making it more difficult to roll out a solution to the entire market. Software that is relevant to one market may not be compliant with the laws or practices of another European country. As well as needing to adapt the product to the country, small vendors hoping to expand abroad find it much harder to establish an efficient and manageable distribution network;
- > Secondly, access to stable long-term capital is more complex in Europe, and this is one of the biggest stumbling blocks to the emergence of major players in the region;
- > Finally, companies in the sector would benefit from a legislation that would promote small businesses as it would reduce complexities and promote regulatory harmonisation in Europe.

Although software vendors must adapt to technological changes while at the same time packing enough marketing punch to increase and secure operating margins, the current economic crisis may be a source of vulnerability in the medium term if it results in players giving up on certain of their long-term objectives such as for example reducing Research & Development expenditures in order to conserve cash.





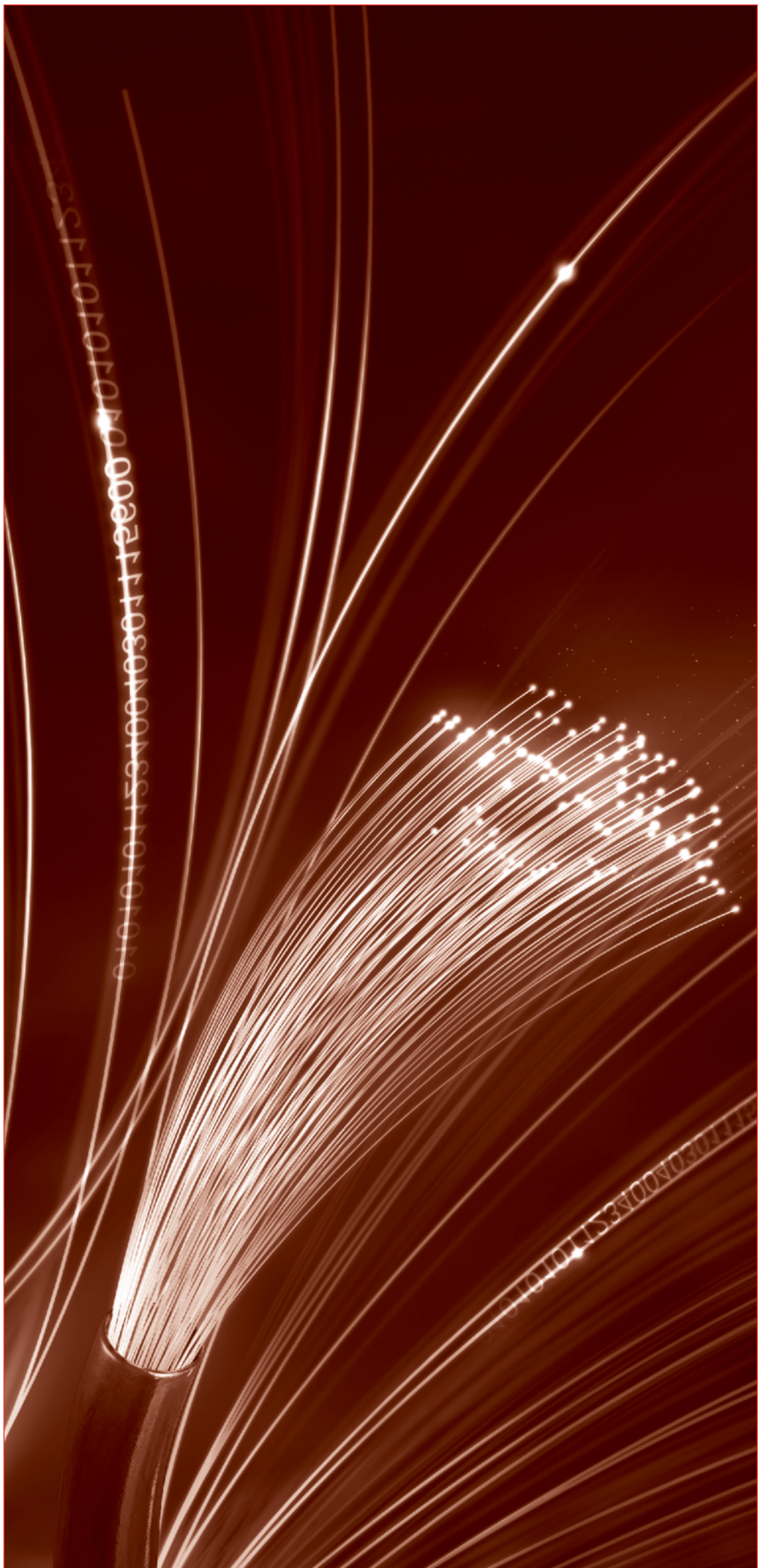
## Top 100 German Software Vendors

Ranked by Software Revenue - Worldwide (in millions of euros)

| Rank | Company   | Software Revenue - Worldwide |                         |                            |
|------|---|------------------------------|-------------------------|----------------------------|
|      |   | in millions of euros         | as a % of total revenue | Software revenue - Germany |
| 1    | SAP (incl. Business Objects)                        | 8 227                        | 73                      | 1 414                      |
| 2    | Software AG (incl. webMethods as of Jun 07)         | 455                          | 73                      | 64                         |
| 3    | Wincor Nixdorf                                      | 185                          | 9                       | 62                         |
| 4    | Nemetschek  | 136                          | 93                      | 46                         |
| 5    | CompuGroup (incl. All for One as of Jun 08)         | 92                           | 51                      | 58                         |
| 6    | IDS Scheer  | 79                           | 20                      | 24                         |
| 7    | BETA Systems Software                               | 71                           | 80                      | 40                         |
| 8    | LHS   | 59                           | 60                      | 12                         |
| 9    | Msg systems   | 55                           | 22                      | 49                         |
| 10   | Höft & Wessel                                       | 45                           | 45                      | 19                         |
| 11   | Utimaco   | 42                           | 85                      | 18                         |
| 12   | Materna   | 40                           | 23                      | 31                         |
| 13   | P&I   | 40                           | 66                      | 30                         |
| 14   | CoCreate (PTC in 08)                                | 37                           | 54                      | 14                         |
| 15   | Lexware   | 35                           | 74                      | 35                         |
| 16   | GAD   | 34                           | 6                       | 34                         |
| 17   | Interflex Datensysteme                              | 34                           | 46                      | 26                         |
| 18   | CSB-System  | 31                           | 55                      | 17                         |
| 19   | Integralis (former Articon-Integralis)              | 30                           | 19                      | 7                          |
| 20   | Schleupen   | 28                           | 56                      | 27                         |
| 21   | Kordoba   | 27                           | 27                      | 26                         |
| 22   | PSI   | 27                           | 22                      | 13                         |
| 23   | proALPHA  | 25                           | 55                      | 20                         |
| 24   | Mensch&Maschine                                     | 25                           | 12                      | 8                          |
| 25   | T-Systems   | 25                           | 0                       | 22                         |
| 26   | Siemens IT Solutions and Services                   | 25                           | 0                       | 10                         |
| 27   | Seeburger   | 25                           | 54                      | 14                         |
| 28   | NTT Data (itelligence)                              | 24                           | 13                      | 19                         |
| 29   | Allgeier  | 24                           | 8                       | 24                         |
| 30   | NEXUS   | 24                           | 80                      | 13                         |
| 31   | C1 Group  | 24                           | 17                      | 21                         |
| 32   | Aareon  | 23                           | 14                      | 18                         |
| 33   | secunet   | 21                           | 52                      | 16                         |
| 34   | Buhl  | 21                           | 28                      | 21                         |
| 35   | Lufthansa Systems                                   | 21                           | 3                       | 12                         |
| 36   | PTV Planung Transport Verkehr                       | 21                           | 26                      | 10                         |
| 37   | EPLAN   | 20                           | 50                      | 16                         |
| 38   | SoftM   | 19                           | 32                      | 16                         |
| 39   | CAS AG  | 19                           | 86                      | 19                         |
| 40   | Pharmatechnik                                       | 18                           | 32                      | 18                         |
| 41   | Cenit   | 18                           | 23                      | 13                         |
| 42   | AED Sicad   | 17                           | 55                      | 15                         |
| 43   | Fritz & Macziol                                     | 15                           | 9                       | 15                         |
| 44   | RA-MICRO Software                                   | 15                           | 77                      | 15                         |
| 45   | ATOSS Software                                      | 15                           | 60                      | 13                         |
| 46   | Assyst  | 14                           | 40                      | 8                          |
| 47   | Albat + Wirsam                                      | 14                           | 55                      | 9                          |
| 48   | PIRONET   | 14                           | 26                      | 13                         |
| 49   | DOCexpert   | 14                           | 70                      | 13                         |
| 50   | GROUP Business Software (former GROUP Technologies) | 14                           | 68                      | 12                         |



| Rank | Company                                    | Software Revenue - Worldwide |                         |                            |
|------|--|------------------------------|-------------------------|----------------------------|
|      |  | in millions of euros         | as a % of total revenue | Software revenue - Germany |
| 51   | Scheidt & Bachmann                         | 14                           | 6                       | 7                          |
| 52   | REALTECH                                   | 14                           | 22                      | 6                          |
| 53   | Easy Software                              | 14                           | 60                      | 11                         |
| 54   | alfa media                                 | 14                           | 79                      | 14                         |
| 55   | Ceyoniq                                    | 13                           | 77                      | 12                         |
| 56   | SHD Group                                  | 13                           | 32                      | 11                         |
| 57   | Werum                                      | 13                           | 40                      | 12                         |
| 58   | GFKL                                       | 13                           | 7                       | 13                         |
| 59   | Intershop                                  | 12                           | 46                      | 9                          |
| 60   | ppi media                                  | 12                           | 68                      | 9                          |
| 61   | Wilken                                     | 12                           | 48                      | 10                         |
| 62   | Kratzer Automation                         | 12                           | 42                      | 10                         |
| 63   | IVU Traffic Technologies                   | 12                           | 38                      | 8                          |
| 64   | Netviewer                                  | 12                           | 70                      | 7                          |
| 65   | Danet                                      | 12                           | 23                      | 9                          |
| 66   | COR AG                                     | 12                           | 28                      | 9                          |
| 67   | Technidata                                 | 12                           | 20                      | 7                          |
| 68   | USU  | 11                           | 37                      | 9                          |
| 69   | IBS AG                                     | 11                           | 54                      | 10                         |
| 70   | FJA (former FJH)                           | 11                           | 18                      | 10                         |
| 71   | AP Automation + Productivity               | 11                           | 53                      | 10                         |
| 72   | Siemens Medical Solutions GSD              | 10                           | 38                      | 8                          |
| 73   | Freudenberg IT                             | 10                           | 18                      | 9                          |
| 74   | RWE Systems                                | 10                           | 1                       | 10                         |
| 75   | Fiducia (incl. Orga)                       | 10                           | 1                       | 10                         |
| 76   | CoreMedia                                  | 10                           | 68                      | 10                         |
| 77   | Wago-Curadata                              | 10                           | 89                      | 8                          |
| 78   | KUMAGroup                                  | 9                            | 18                      | 9                          |
| 79   | SIV.AG                                     | 8                            | 49                      | 8                          |
| 80   | All for One                                | 8                            | 30                      | 8                          |
| 81   | BTC (incl. Pro Consult + hmmh)             | 8                            | 7                       | 7                          |
| 82   | MPDV                                       | 8                            | 50                      | 7                          |
| 83   | adesso (inkl. BOV as of 08/2007)           | 8                            | 18                      | 6                          |
| 84   | ISO Software Systeme                       | 8                            | 40                      | 6                          |
| 85   | ABAS Software                              | 8                            | 50                      | 8                          |
| 86   | Salt Solutions                             | 8                            | 44                      | 8                          |
| 87   | Diamant Software                           | 8                            | 60                      | 8                          |
| 88   | Ordat                                      | 8                            | 58                      | 8                          |
| 89   | infopark                                   | 8                            | 75                      | 8                          |
| 90   | CoCoNet                                    | 7                            | 62                      | 7                          |
| 91   | Subito                                     | 7                            | 56                      | 7                          |
| 92   | Cellent Finance Solutions (2006 pro forma) | 7                            | 25                      | 7                          |
| 93   | oxaion                                     | 7                            | 49                      | 7                          |
| 94   | HSH Soft- und Hardware                     | 7                            | 88                      | 7                          |
| 95   | GK Software                                | 7                            | 63                      | 7                          |
| 96   | IDS (former SAG IDS)                       | 7                            | 26                      | 6                          |
| 97   | r.z.w. cimdata                             | 7                            | 48                      | 7                          |
| 98   | Neutrasoft                                 | 7                            | 46                      | 7                          |
| 99   | MACH                                       | 6                            | 44                      | 6                          |
| 100  | Collax                                     | 6                            | 86                      | 6                          |





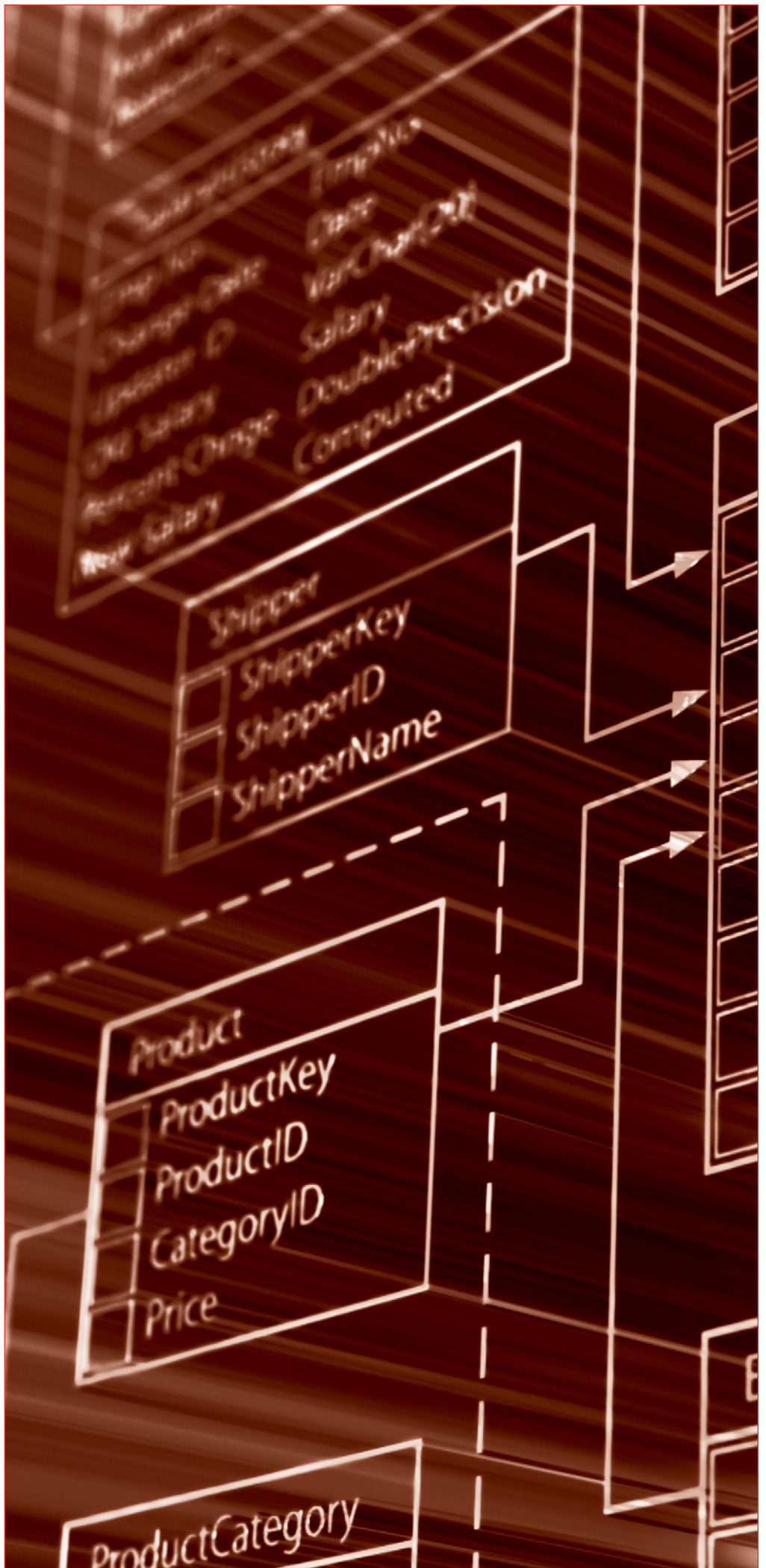
## Top 100 UK Software Vendors

Ranked by Software Revenue - Worldwide (in millions of British pounds)

| Rank | Company  | Software Revenue - Worldwide |                         |                       |
|------|--|------------------------------|-------------------------|-----------------------|
|      |  | in millions of pounds        | as a % of total revenue | Software revenue - UK |
| 1    | Sage   | 881                          | 76                      | 179                   |
| 2    | Misys  | 307                          | 55                      | 17                    |
| 3    | Logica   | 271                          | 9                       | 45                    |
| 4    | Symbian  | 175                          | 90                      | 5                     |
| 5    | Autonomy Group (incl. Zantaz in July 07)   | 145                          | 84                      | 10                    |
| 6    | Reuters Enterprise   | 130                          | 29                      | 23                    |
| 7    | AVEVA  | 113                          | 89                      | 7                     |
| 8    | iSoft (acquired by IBA Health in Aug 07)   | 112                          | 64                      | 60                    |
| 9    | Fidessa (incl. LatentZero as of May 07)  | 105                          | 78                      | 35                    |
| 10   | SDL  | 105                          | 89                      | 10                    |
| 11   | Micro Focus  | 86                           | 95                      | 9                     |
| 12   | Anite  | 83                           | 47                      | 22                    |
| 13   | Sophos   | 75                           | 89                      | 22                    |
| 14   | Northgate IS (incl. Arinso as of May 07)   | 74                           | 21                      | 73                    |
| 15   | De La Rue  | 69                           | 9                       | 6                     |
| 16   | Intec Telecom Systems  | 63                           | 51                      | 4                     |
| 17   | CliniSys (ECI Partners)  | 55                           | 80                      | 22                    |
| 18   | Torex Retail (acquired by General Atlantic)  | 55                           | 22                      | 23                    |
| 19   | Capita   | 53                           | 3                       | 53                    |
| 20   | Psion Teklogics  | 40                           | 20                      | 3                     |
| 21   | KOFAX (former DICOM Group)   | 40                           | 25                      | 6                     |
| 22   | CODA ( bought by Unit 4 Agresso in Jan 08)   | 39                           | 66                      | 18                    |
| 23   | SSP (incl. Sirius as of Jun 07)  | 37                           | 61                      | 34                    |
| 24   | Civica (incl. Comino)  | 35                           | 28                      | 27                    |
| 25   | RM   | 34                           | 13                      | 32                    |
| 26   | COA Solutions (incl. Open Accounts, OpenPeople, Goldenhill Computer Systems & Strada Systems as of Mar 07) | 34                           | 72                      | 32                    |
| 27   | IRIS (former Computer software group)  | 33                           | 87                      | 27                    |
| 28   | Dealogic   | 33                           | 71                      | 7                     |
| 29   | BT Global Services   | 32                           | 0                       | 21                    |
| 30   | EMIS - Egton Medical Information Systems   | 29                           | 60                      | 29                    |
| 31   | Kewill Systems   | 27                           | 53                      | 8                     |
| 32   | Delcam   | 27                           | 91                      | 6                     |
| 33   | Macro 4  | 27                           | 89                      | 6                     |
| 34   | Open International Group (incl. MGI & MI)  | 23                           | 58                      | 23                    |
| 35   | Alphameric (Retail rev in Torex Retail)  | 23                           | 50                      | 19                    |
| 36   | Computational Dynamics (CD-adapco)   | 22                           | 95                      | 1                     |
| 37   | Aerosystems International (BAE Systems)  | 20                           | 50                      | 17                    |
| 38   | Serco  | 20                           | 1                       | 12                    |
| 39   | NSB Retail Systems (acquired by Epicor in Feb 08)  | 20                           | 50                      | 2                     |
| 40   | StatPro  | 20                           | 81                      | 3                     |
| 41   | BIS (Bond International Software)  | 19                           | 64                      | 14                    |
| 42   | Xchanging  | 19                           | 4                       | 18                    |
| 43   | Microgen   | 18                           | 54                      | 13                    |
| 44   | Alterian   | 17                           | 88                      | 6                     |
| 45   | Clarity Commerce Solutions   | 17                           | 78                      | 7                     |
| 46   | Innovation Group   | 16                           | 14                      | 2                     |
| 47   | IBS OPENSsystems (acquired by Capita in Jun 08)  | 15                           | 72                      | 14                    |
| 48   | nCipher (acquired by Thales in Oct 08)   | 15                           | 60                      | 4                     |
| 49   | ION Trading (Anvil)  | 14                           | 70                      | 8                     |
| 50   | ServicePower Technologies  | 14                           | 100                     | 4                     |

Source: PAC, 2007 figures

| Rank | Company  | Software Revenue - Worldwide |                            |                          |
|------|--|------------------------------|----------------------------|--------------------------|
|      |  | in millions<br>of pounds     | as a % of<br>total revenue | Software<br>revenue - UK |
| 51   | Touchpaper Group   | 14                           | 80                         | 10                       |
| 52   | Donovan Data Systems   | 14                           | 69                         | 13                       |
| 53   | MidlandHR (Midland Software Limited)                               | 13                           | 60                         | 13                       |
| 54   | IDOX (incl. CAPS Solutions)  | 13                           | 63                         | 13                       |
| 55   | Planit Holdings (Velocity Acquisitions)                            | 13                           | 72                         | 9                        |
| 56   | Minorplanet Systems  | 13                           | 53                         | 8                        |
| 57   | Financial Objects  | 13                           | 59                         | 8                        |
| 58   | Vero Software (formerly VI Group)                                  | 12                           | 91                         | 4                        |
| 59   | Serif (Europe)   | 12                           | 92                         | 10                       |
| 60   | 2ergo  | 11                           | 33                         | 9                        |
| 61   | CyBIT Holdings (incl. Amatics Aug 07)                              | 10                           | 51                         | 9                        |
| 62   | Target Group (incl. Harlosh)                                       | 10                           | 66                         | 9                        |
| 63   | Flomerics (acquired by Mentor as of Oct 08)                        | 10                           | 61                         | 3                        |
| 64   | Integrity Software (office products bought by ECI2 in Mar 08)      | 10                           | 86                         | 8                        |
| 65   | COINS - Construction Industry Solutions                            | 10                           | 68                         | 8                        |
| 66   | Portrait Software  | 10                           | 67                         | 4                        |
| 67   | Velti  | 9                            | 66                         | 3                        |
| 68   | Miles 33   | 9                            | 80                         | 9                        |
| 69   | City Networks  | 9                            | 81                         | 6                        |
| 70   | Mediasurface (acquired by Alterian as of Jul 08)                   | 9                            | 75                         | 5                        |
| 71   | Tribal Group   | 9                            | 3                          | 9                        |
| 72   | The Logic Group  | 8                            | 58                         | 8                        |
| 73   | Infonic (formerly Corpora)   | 8                            | 90                         | 7                        |
| 74   | Assima   | 8                            | 72                         | 3                        |
| 75   | Pilat Media  | 8                            | 43                         | 1                        |
| 76   | Aculab   | 8                            | 75                         | 2                        |
| 77   | Causeway Technologies Group (incl. Elstree Computing as of Jun 07) | 8                            | 70                         | 7                        |
| 78   | Workplace Systems  | 8                            | 69                         | 5                        |
| 79   | NCC Group  | 8                            | 30                         | 6                        |
| 80   | Access Accounting  | 8                            | 83                         | 7                        |
| 81   | Orchard Information Systems  | 7                            | 70                         | 7                        |
| 82   | INVU   | 7                            | 80                         | 6                        |
| 83   | smartFOCUS Group   | 7                            | 61                         | 5                        |
| 84   | Patsystems   | 7                            | 41                         | 2                        |
| 85   | Focus Solutions Group  | 7                            | 81                         | 7                        |
| 86   | TRL  | 7                            | 20                         | 6                        |
| 87   | QPC  | 7                            | 76                         | 7                        |
| 88   | Casewise Systems   | 7                            | 80                         | 4                        |
| 89   | Cezanne Software (former HRM Software)                             | 7                            | 88                         | 1                        |
| 90   | Manpower Software  | 7                            | 78                         | 4                        |
| 91   | Tekton Group (acquired by Sage as of Mar 08)                       | 7                            | 87                         | 5                        |
| 92   | Sanderson  | 7                            | 36                         | 6                        |
| 93   | Gresham Computing  | 7                            | 48                         | 3                        |
| 94   | Centennial Software  | 6                            | 69                         | 3                        |
| 95   | OneClickHR   | 6                            | 90                         | 5                        |
| 96   | Prologic   | 6                            | 47                         | 5                        |
| 97   | TIS Software (Strategix)   | 6                            | 89                         | 5                        |
| 98   | Morse  | 6                            | 2                          | 5                        |
| 99   | Electronic Data Processing   | 5                            | 80                         | 5                        |
| 100  | Maginus Software Solutions   | 5                            | 70                         | 5                        |





## Top 100 French Software Vendors

Ranked by Software Revenue - Worldwide (in millions of euros)

| Rank | Company                                    | Software Revenue - Worldwide |                         |                           |
|------|--|------------------------------|-------------------------|---------------------------|
|      |  | in millions of euros         | as a % of total Revenue | Software revenue - France |
| 1    | Dassault Systemes                          | 1 063                        | 84                      | 109                       |
| 2    | GLTrade (Sungard in 08)                    | 162                          | 80                      | 27                        |
| 3    | Sopra Group/Axway                          | 151                          | 15                      | 89                        |
| 4    | Cegid                                      | 139                          | 58                      | 135                       |
| 5    | Cegedim                                    | 130                          | 17                      | 56                        |
| 6    | GFI Informatique                           | 110                          | 16                      | 62                        |
| 7    | Avanquest                                  | 103                          | 92                      | 13                        |
| 8    | Murex                                      | 101                          | 67                      | 5                         |
| 9    | Ilog (IBM in 08)                           | 93                           | 73                      | 19                        |
| 10   | Linedata Services                          | 77                           | 47                      | 30                        |
| 11   | Bull                                       | 69                           | 6                       | 14                        |
| 12   | Lectra                                     | 63                           | 29                      | 5                         |
| 13   | Atos Origin                                | 60                           | 1                       | 10                        |
| 14   | Esi Group                                  | 54                           | 78                      | 10                        |
| 15   | Sword                                      | 50                           | 28                      | 6                         |
| 16   | Alcatel Genesys                            | 48                           | 31                      | 11                        |
| 17   | Viveo Finance                              | 35                           | 64                      | 27                        |
| 18   | Infovista                                  | 33                           | 85                      | 5                         |
| 19   | Berger Levraut                             | 31                           | 54                      | 83                        |
| 20   | Capgemini                                  | 30                           | 0                       | 0                         |
| 21   | Generix Group                              | 29                           | 57                      | 26                        |
| 22   | Isagri                                     | 27                           | 52                      | 26                        |
| 23   | Cast                                       | 26                           | 85                      | 12                        |
| 24   | Coheris                                    | 25                           | 73                      | 23                        |
| 25   | Sab Ingénierie                             | 24                           | 66                      | 24                        |
| 26   | EBP  | 24                           | 89                      | 22                        |
| 27   | Pharmagest                                 | 21                           | 29                      | 21                        |
| 28   | Meta4                                      | 20                           | 55                      | 3                         |
| 29   | Fiducial Informatique                      | 19                           | 44                      | 19                        |
| 30   | Jvs Groupe                                 | 17                           | 69                      | 17                        |
| 31   | Softway Medical                            | 17                           | 76                      | 17                        |
| 32   | Orsyp                                      | 17                           | 60                      | 10                        |
| 33   | Esker                                      | 17                           | 64                      | 3                         |
| 34   | Systar                                     | 17                           | 84                      | 10                        |
| 35   | Ares (De gamma)                            | 16                           | 5                       | 16                        |
| 36   | Bodet                                      | 16                           | 80                      | 13                        |
| 37   | IGE + XAO                                  | 15                           | 75                      | 11                        |
| 38   | 4D   | 15                           | 100                     | 5                         |
| 39   | Genapi                                     | 15                           | 48                      | 15                        |
| 40   | Cegi                                       | 14                           | 15                      | 14                        |
| 41   | Mega International                         | 13                           | 62                      | 8                         |
| 42   | Missler                                    | 13                           | 48                      | 8                         |
| 43   | Welcome Real Time                          | 13                           | 79                      | 6                         |
| 44   | PC Soft                                    | 12                           | 69                      | 10                        |
| 45   | ACA  | 12                           | 100                     | 6                         |
| 46   | Medasys                                    | 12                           | 72                      | 11                        |
| 47   | DL Software                                | 12                           | 47                      | 12                        |
| 48   | Planisware                                 | 12                           | 60                      | 8                         |
| 49   | Arkoon                                     | 12                           | 93                      | 12                        |
| 50   | Orange Business Services (incl. Sillicomp) | 12                           | 1                       | 12                        |



| Rank | Company                           | Software Revenue - Worldwide |                         |                           |
|------|-----------------------------------|------------------------------|-------------------------|---------------------------|
|      |                                   | in millions of euros         | as a % of total Revenue | Software revenue - France |
| 51   | Lascom                            | 11                           | 95                      | 11                        |
| 52   | Lefebvre Software                 | 11                           | 53                      | 11                        |
| 53   | Prologue Software                 | 11                           | 39                      | 6                         |
| 54   | Itesoft                           | 11                           | 63                      | 11                        |
| 55   | VcsTimeless (Cegid in 08)         | 11                           | 69                      | 6                         |
| 56   | Cylande                           | 11                           | 40                      | 7                         |
| 57   | Masternaut                        | 11                           | 40                      | 5                         |
| 58   | STS Group                         | 11                           | 93                      | 11                        |
| 59   | Harvest                           | 10                           | 90                      | 10                        |
| 60   | Esterel Technologies              | 10                           | 74                      | 4                         |
| 61   | Sigma                             | 9                            | 22                      | 9                         |
| 62   | Corys Tess                        | 9                            | 36                      | 6                         |
| 63   | Dimo Gestion                      | 9                            | 67                      | 9                         |
| 64   | VIF (vignon informatique)         | 9                            | 75                      | 9                         |
| 65   | Ciril SA                          | 9                            | 66                      | 9                         |
| 66   | Proginov                          | 9                            | 71                      | 3                         |
| 67   | Infolog Solutions (Générix in 08) | 8                            | 46                      | 5                         |
| 68   | RFI Informatique                  | 8                            | 32                      | 8                         |
| 69   | Staff and line                    | 8                            | 67                      | 6                         |
| 70   | A2iA                              | 8                            | 94                      | 5                         |
| 71   | Civitas                           | 8                            | 60                      | 8                         |
| 72   | Access Commerce                   | 8                            | 70                      | 6                         |
| 73   | Klee group                        | 8                            | 26                      | 8                         |
| 74   | Divalto                           | 8                            | 100                     | 6                         |
| 75   | Efront                            | 8                            | 59                      | 4                         |
| 76   | Ordirope                          | 7                            | 50                      | 7                         |
| 77   | Axemble                           | 7                            | 31                      | 5                         |
| 78   | Irium                             | 7                            | 50                      | 7                         |
| 79   | Snedra                            | 7                            | 54                      | 7                         |
| 80   | Qualiac                           | 7                            | 55                      | 6                         |
| 81   | Geoconcept                        | 7                            | 85                      | 6                         |
| 82   | Fimasys                           | 7                            | 59                      | 6                         |
| 83   | Opentrust (former Idealx)         | 7                            | 65                      | 7                         |
| 84   | Horoquartz                        | 6                            | 29                      | 6                         |
| 85   | SIS                               | 6                            | 59                      | 6                         |
| 86   | Sefas Innovation                  | 6                            | 64                      | 2                         |
| 87   | Infologic                         | 6                            | 57                      | 6                         |
| 88   | Silverprod                        | 6                            | 86                      | 6                         |
| 89   | Hardis                            | 6                            | 15                      | 6                         |
| 90   | Infotel                           | 6                            | 7                       | 6                         |
| 91   | Spiral Group                      | 6                            | 40                      | 5                         |
| 92   | Business Document                 | 6                            | 67                      | 5                         |
| 93   | Sylogis.com                       | 6                            | 68                      | 6                         |
| 94   | Ever Team                         | 6                            | 36                      | 6                         |
| 95   | Exalead                           | 6                            | 67                      | 3                         |
| 96   | Agrostar                          | 6                            | 13                      | 6                         |
| 97   | Asterop                           | 5                            | 100                     | 4                         |
| 98   | Groupe Cogeser                    | 5                            | 70                      | 5                         |
| 99   | Sinequa                           | 5                            | 86                      | 4                         |
| 100  | DynaSys                           | 5                            | 72                      | 4                         |

# Top European software vendors methodology (PAC)

Data of the rankings has been provided by PAC at the request of AFDEL. PAC summarises the key principles of their methodology as follows:

The following countries are covered in the analysis of the Top European software vendors:

Austria, Belgium, Denmark, Finland, Netherlands, Norway, Spain, Sweden, Portugal, Switzerland, Germany, Italy, France, UK, Luxemburg, Greece, Ireland, Liechtenstein, Malta and Iceland.

“Software revenue” is defined as: license maintenance and support revenue (excluding consulting and integration services). For SaaS and Open Software vendors, subscription revenues are included within software revenue.

PAC has conducted analysis of the European software industry since 1992. Both central and country-level databases, which include the revenue breakdown of various players according to PAC’s segmentation, are updated all year long through:

- Surveys of more than 1,000 software suppliers and diverse companies with software activity in Europe
- When appropriate PAC has relied on estimates according to worldwide/European /country revenue
- Market analysis and benchmarks

PAC cannot be held responsible for potential errors or omissions.

Pierre Audoin Consultants (PAC) is a leading market research and strategic consulting firm for the software and IT services industry (SITSI). PAC’s mission is to advise IT companies on achieving domestic and international growth objectives through the planning, development, implementation, and ongoing support of successful strategies.

## Of further interest

Additional thought leadership from PricewaterhouseCoopers includes:

### **Software revenue recognition guide**

Covers SOP 97-2 and the amendments to SOP 97-2 contained in SOP 98-4 and SOP 98-9. The Guide also offers AICPA interpretations of technical questions and it addresses the impact of SEC guidance rulemaking and interpretations.

### **A shifting software revenue recognition landscape**

An analysis of the compatibility of certain US GAAP positions with those of IFRS under software revenue recognition.

### **Software pricing trends – how vendors can capitalize on the shift to new revenue models**

Offers guidance on new software pricing models and their impact on cash flow, financing, R&D approaches, sales strategies, investor relations, and revenue recognition.

### **Going green: Sustainable growth strategies**

How technology companies are responding to the growing demand for green products, services and operations.

### **Exploiting intellectual property in a complex world**

A look at the shift in attitude from IP as legal issue/concern to IP as strategic asset that must be managed and maximised.

### **Successful strategies for talent management**

How technology companies are responding to the increasing scarcity of the right talent.



# About US

## **PricewaterhouseCoopers**

The firms of the PricewaterhouseCoopers global network ([www.pwc.com](http://www.pwc.com)) provide industry-focused assurance, tax and advisory services to build public trust and enhance value for clients and their stakeholders. More than 155,000 people in 153 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

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## **ESA**

European Software Association

Created in October 2005, the European Software Association is the voice of the European Independent Software Vendor (ISV) community. ISV members of the association work with EU policy makers and other European stakeholders to foster an environment that supports innovation and competitiveness within the European software industry, and that supports the needs of other European business communities.

## **AFDEL**

Association Française des Editeurs de Logiciels

Created in October 2005, AFDEL is the French association of Software editors. With 160 members, AFDEL aims to represent the whole industry from big firms to SME's (80 %). This industry is crucial for economic growth but is too often discarded by public decision makers in France. AFDEL wants to bridge the gap. It also supports SME's in their competition by sharing knowledge and experience between members.

## **BASDA**

Business Application Software Developers' Association

BASDA is the Business Application Software Developers' Association, a member-driven not-for-profit organisation where members benefit by sharing knowledge and expertise and working effectively as one voice to address strategic issues and evolving legal, political and technical influences that affect the business software industry.



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