

Quarterly Research Summary – Q2 2011

A review of research Reports and AnalystViews notes from TechMarketView – Q2 2011

Welcome

Welcome to the quarterly round-up of news, views and reports from TechMarketView. This quarter has seen the publication of our latest **UK SITS Rankings** which gave rise to a flurry of interest from both clients and non-clients. We have welcomed on board our newest Research Director, Angela Eager, responsible for Enterprise Software & Application Services and the very popular **BPS UK Market Trends and Forecasts 2011** report was released.

Our press coverage has been immense this quarter; with quotes and opinions in The Independent, The Telegraph, Wall Street Journal, ComputerWorld and Computing to name but a few!

Read all our reports for this, and previous quarters, at www.techmarketview.com. The website also provides access to our vast archive of HotViews posts and more in-depth HotViewsExtra articles, which aren't included in this research summary.

[Liberata restructuring puts it on path to stability](#)

24th June 2011

Local government BPO provider Liberata completed a challenging turnaround in 2010, which culminated in a management buy-out backed by private equity firm Endless LLP. Endless was selected by the company after a competitive process involving a total of five private equity investors. At Liberata's recent analyst day CEO, Dermot Joyce and CFO Martin Trainer outlined the serious difficulties Liberata had got itself into with numerous management changes over recent years, unprofitable sell-offs and a toxic pension deficit. However under Joyce the company has got a new direction and a clean balance sheet, but is this enough to see it emerge as a renewed force in the UK BPS market?

[UK SITS Rankings 2011](#)

22nd June 2011

In 2010 we saw the headline UK SITS revenues of the Top 20 return to growth—albeit merely by 3%. M&A played a significant part, though, including Dell's acquisition of Perot Systems, Adecco's of both Spring Group and MPS, and multiple acquisitions by Capita. In real terms, Top 20 revenues were broadly flat organically, and again 3% down in real terms.

[Could 'Capacity GRID' help change Liberata's fortunes?](#)

21st June 2011

When we published our Local Government Supplier Landscape report in February, we commented that BPO provider, Liberata, had developed a virtual delivery model for shared services aimed at allowing local government employees to remain based in their region. The first step for the company was to use the virtual delivery model within its existing BPO contract base. However, the company has now 'productised' the model to bring it to market, and recently launched Capacity GRID. Here we consider whether this service offering has the potential to change Liberata's fortunes in the UK local government market.

[IndustryViews M&A Review - Q1 2011](#)

18th June 2011

The UK was the only market in Europe that saw tech M&A buyer numbers decline in Q1 2011, according to data from Regent. They attributed this both to the sluggish UK economy but also to the weak pound making it more attractive for foreigners to buy UK companies than vice versa. Nonetheless, the UK was, as usual, the most prolific buyer of tech companies in the region.

Business Process Services: UK Market Trends & Forecasts 2011

19th May 2011

The UK BPS market is set to grow rapidly over the next decade. By contrast the market for traditional 'lift-and-shift' BPO – a BPS sub-market – is coming under pressure as organisations increasingly adopt business process platforms such as life and pensions (L&P) and revenues and benefits (R&B) administration systems, and hosted 'as-a-service' models that are more flexible, repeatable and provide increasing levels of automation. The emergence of 'the cloud' is the catalyst for many of these changes, and over the next few years, it will encourage organisations to seek alternatives to straight 'lift-and-shift' BPO.

Vangent: Bringing US experience to the UK

18th May 2011

Vangent is a \$762m (FY10) public sector-focused business process services company from the US. It's been active in the UK market for eight years with a number of very successful UK government clients, including a flagship BPO deal with Southwark Borough Council. Now, it is looking to grow its UK public sector business particularly in local government, with the help of partners, and in healthcare. Tola Sargeant met them to learn more.

Will Huddle displace SharePoint in UK Government?

17th May 2011

We recently reported on Huddle's signing of a commercial agreement with UK Government. Huddle is a cloud based enterprise collaboration and content management platform provider, formed in 2006 by Andy McLoughlin (now EVP Strategy) and Alastair Mitchell (now CEO). Huddle promotes its collaboration and content management platform as a viable alternative to Microsoft's SharePoint. Press reports of the announcement were accompanied by claims by Huddle that UK Government could save more than £100 million by replacing Microsoft SharePoint with Huddle's cloud-based collaboration and content management platform. We were somewhat sceptical about the level of savings being mooted. However, when we spoke to Huddle's CEO and co-founder, Alastair Mitchell, he put the figure at a much higher £287 million. A figure, which, he states has been jointly identified by Huddle and UK Government – we suspect by the Efficiency & Reform Group in support of its cloud computing strategy.

Kameleon reveals a new side to Mastek

12th May 2011

Mastek, the UK-focused offshore software and services provider, is preparing to launch a new data privacy platform called Kameleon that will see it begin selling direct to market, rather than via a select network of partners such as Capita, Focus Solutions, Thales, and BT. We met up with Barry Yard, Mastek's UK MD who took over the helm in August 2009 and is leading this change in direction.

IndustryViews Quoted Sector Review - Q1 2011

9th May 2011

It's an unusual quarter in latter times to see UK software and IT services (SITS) stocks lag other parts of the tech sector, but so it was for Q1 2011. The FTSE SCS index, our proxy for the 114 UK-headquartered SITS companies listed on the London main market and on AIM, ended the quarter 10% higher than the prior year, and just 1% higher than the prior quarter.

UK local government: progress in shared services

14th April 2011

In the light of current financial pressures, local councils are giving increasingly strong consideration to sharing services with other authorities or other government organisations in order to cut costs. Shared services activity is increasing, but the approach remains piecemeal with authorities carefully considering the potential of sharing on a process by process basis. Working with the private sector to develop shared services has its advantages, but the types and size of contracts being let to SITS suppliers reflect the cautious approach being taken. While in many cases there is the potential for deals to expand in size to cover additional public sector organisations, there are no guarantees and suppliers must ask if they are willing to take the gamble.

Allocate Software: One to watch in UK healthcare

11th April 2011

When we compiled our UK Healthcare Software and IT Services rankings in 2010, we said AIM-listed Allocate Software was 'one to watch'. As we prepare to update the rankings in 2011, Allocate is once again worth highlighting as an interesting small to mid-sized player in a strong niche, with ambitions to broaden its capabilities and grow considerably over the next three years. In this CompanyViews note Tola Sargeant takes a closer look at Allocate having recently caught up with CEO Ian Bowles.