December 2006

# Truffle 100

*Information and communication technologies now hold a predominant place in our advanced economies and their use is a key factor of productivity for our companies. I am delighted with the dynamism of this sector, for the software industry is one of Europe's best vectors of growth in innovation and competitiveness. A more and more significant part of our growth depends strongly on the progress & advances of our software vendors. Their ability to innovate and invest importantly in R&D is a key success factor to our economies in a very competitive global environment.*

*The software industry is characterized by periodic technological disruptions that pave the way for new arrivals in a continuously evolving worldwide market. With an overall growth rate of three times that of EU GDP, software companies collectively represent a champion of European R&D, supported by high-calibre management teams nationwide. Just to give you an example: the training of computer science engineers in French higher education is recognized throughout the world.*

*This first edition of the **Truffle 100 Europe** highlights top European software firms and underscores the potential of these companies, whose success is crucial for our countries. Innovation comes from companies of all sizes, with an important role played by small and medium-sized firms. Nonetheless, the European Union still lacks a critical mass of medium-sized companies that have the capacity to become world leaders in their field.*

*The **Truffle 100 Europe** ranking is a very useful tool to analyze the vitality of these companies, their capacity to create value, and ultimately jobs. This ranking also reveals how much remains to be accomplished for Europe to become a significant software actor on the world stage; behind companies like SAP, Sage, Dassault Systèmes, Business Objects, or Mysis, smaller firms can also attain world leadership in their respective segments provided that they place innovation and customer satisfaction at the centre of their growth strategy.*

*I wish **Truffle 100 Europe** every success this initiative deserves.*

**Viviane Reding**
Commissioner for Information Society & Media

*The software industry is synonymous with innovation - today's economy is driven by great ideas fuelled by software solutions. New solutions could come from a global player like SAP, or just as easily from a local, niche player.*

*Back in the early 1970s, when the software industry was burgeoning, SAP was a small local player based in Walldorf, Germany. Fast forward three decades and SAP is the worldwide leader in the business applications space and proud to be #1 of the 2006 **Truffle 100**.*

*SAP serves as a symbol of what is possible in this dynamic industry. When you bring products and solutions to market that transform how businesses and people operate, making them more innovative, efficient and competitive, the opportunities are unlimited.*

*Software plays a pivotal role in helping companies invent and implement new business models and institutionalize new ways of doing business, which ultimately change industry landscapes. Businesses around the global recognize software as a key driver for growth and innovation.*

*Within the overall story of growth and opportunity in the software industry, however, one undisputable fact is that US software firms continue to dominate overall, with few notable exceptions.*

*It is clear that competition is increasing and for European companies to succeed and sustain double-digit growth, it requires R&D investments, education and training, and a dynamic and active software community in Europe where company executives, investors and partners can collaborate effectively.*

*One advantage that European companies have is the experience of operating in a diverse and multicultural environment. In a global economy this is a genuine asset - the ability to think globally and act locally.*

*SAP's story demonstrates that a software company with strong roots in Europe can succeed on the global stage. As we continue our corporate journey, we hope to see many more European software companies enjoying similar success.*

**Léo Apotheker**
President Customer Solutions Operations and
Member of the Executive Board, SAP AG

*The Truffle 100, compiled by **Truffle Venture** from research conducted by **IDC** and **CXP**, and released during the Pan-European IP Summit in Brussels, demonstrates the dynamism & the magnitude of the European software industry.*

*Following its successful launch in France, where it instantly became the leading reference, the Truffle 100 is expanding to the European level, with the renewed support of **Syntec Informatique**.*

*Software is now a full-blown industry that is experiencing compelling growth (+15% year on year), is in continuous transformation, and serves as a powerful engine of job and value creation (37 000 R&D jobs, 13% profitability).*

*With an impressive aggregated R&D firepower, the Truffle 100 is composed of national champions who have managed to expand globally from their local stronghold, often banking on regional specificities (enterprise software in most countries, public sector & finance software in the UK, business intelligence & technical software in France, telecoms in Nordic countries...).*

*Much more than a short-lived phenomenon or a passing fad, the growth in the software sector is a fundamental trend to cultivate and nurture over the long term.*

*In other words, the software industry is beginning to really matter in our economic landscape.*

*In just a few years' time the figures of the current edition of the Truffle 100 will appear rather moderate.*

**Bernard-Louis Roques,** General Partner & co-Founder, Truffle Venture

# a major industry with > €20 billion in revenues

Total revenues for the **Truffle 100** is **€ 23,8 billion**
Of which **€ 20,7 bn** in software.

- ~ 18 000 vendors, the vast majority < € 1 million in sales. Aggregated revenues fairly concentrated in top vendors.

| | |
|---|---|
| 80% of revenues come from the top 23 vendors | |
| SAP alone accounts for 41% | |
| The Top 3 : | 51% |
| Top 5 : | 58% |
| Top 10 : | 67% |
| Top 50 : | 91% |

- 30 vendors have revenues > € 100 million, accounting for 83% of **Truffle 100** revenues.
- 56 vendors have revenues > € 50 million, accounting for 93% of **Truffle 100** revenues.

**All Truffle 100 have revenues > € 20 m.**

# world-class national champions

| Vendor | Country | Revenues (€ million) | % of **Truffle 100** |
|---|---|---|---|
| SAP | GER | 8 513,0 | 41,9 % |
| Sage | UK | 1 135,1 | 5,6 % |
| Dassault Systemes | FR | 934,5 | 4,6 % |
| Unit4 Agresso NV | NL | 352,6 | 1,7 % |

Only Top vendors have become truly global.

Most **Truffle 100** have developed internationally, mainly in Europe.

# qualified workforce of ~148 000

Top 26 vendors account for 80% of workforce.

| Per Country | # of employees | % of total | Software Revenues (€ million) |
|---|---|---|---|
| DE | 42 460 | 29,3 % | 9 780,6 |
| FR | 37 507 | 25,9 % | 4 259,5 |
| UK | 32 357 | 22,3 % | 3 051,9 |
| Nordic countries (SE NO FI & DK) | 18 854 | 13 % | 1 859,2 |
| NL | 5 449 | 3,8 % | 646,2 |
| BE | 3 330 | 2,3 % | 461,8 |

# *The 2006 ranking*

| Rank | Company | HQ | Revenues 2005 from Software activity | Total Revenues 2005 | Total Headcount 2005 |
|---|---|---|---|---|---|
| 1 | SAP | DE | 8 513,0 | 8 513,0 | 34 000 |
| 2 | SAGE | UK | 1 135,1 | 1 135,1 | 8 686 |
| 3 | DASSAULT SYSTEMES | FR | 934,5 | 934,5 | 5 693 |
| 4 | BUSINESS OBJECTS | FR | 865,0 | 865,0 | 4 418 |
| 5 | MISYS PLC | UK | 650,5 | 1 298,9 | 6 450 |
| 6 | SOFTWARE AG | DE | 427,5 | 438,0 | 2 750 |
| 7 | UNIT4 AGRESSO NV | NL | 352,6 | 352,6 | 1 970 |
| 8 | ISOFT GROUP PLC | UK | 344,9 | 383,2 | 2 546 |
| 9 | NORTHGATE | UK | 315,8 | 486,7 | 3 200 |
| 10 | INTENTIA INTERNATIONAL | SE | 315,0 | 321,5 | 2 070 |
| 11 | DICOM GROUP PLC | UK | 263,0 | 263,0 | 1 100 |
| 12 | TOREX RETAIL | UK | 244,9 | 244,9 | 2 285 |
| 13 | IFS<br>IFS INDUSTRIAL AND FINANCIAL SYSTEMS AB | SE | 238,8 | 238,8 | 2 453 |
| 14 | VISMA ASA | NO | 238,2 | 238,2 | 2 340 |
| 15 | ANITE GROUP PLC | UK | 233,5 | 238,3 | 1 400 |
| 16 | IBS AB | SE | 230,5 | 256,1 | 1 850 |
| 17 | EXACT HOLDING NV | NL | 224,5 | 224,5 | 2 700 |
| 18 | CEGID | FR | 192,3[1] | 224,3 | 2 000 |
| 19 | GL TRADE | FR | 179,2 | 179,2 | 1 083 |
| 20 | ZUCCHETTI | IT | 168,0 | 168,0 | 1600 |
| 21 | CIVICA PLC | UK | 147,3 | 155,0 | 575 |
| 22 | TELELOGIC AB | SE | 139,0 | 139,0 | 1 110 |
| 23 | TEMENOS GROUP AG | CH | 135,7 | 135,7 | 1 373 |
| 24 | MICRO FOCUS<br>MICRO FOCUS INTERNATIONAL PLC | UK | 121,2 | 121,2 | 486 |
| 25 | INTEGRALIS AG | DE | 112,8 | 112,8 | 400 |
| 26 | ARINSO | BE | 112,7 | 176,1 | 2200 |
| 27 | FIDESSA | UK | 108,6 | 108,6 | 640 |
| 28 | CODA | UK | 102,4 | 106,4 | 550 |
| 29 | SIMCORP A/V | DK | 102,3 | 102,3 | 599 |
| 30 | ALPHAMERIC PLC | UK | 102,1 | 107,5 | 590 |
| 31 | AXWAY (SOPRA GROUP) | FR | 99,3 | 757,0 | 9200 |
| 32 | SOPHOS PLC. | UK | 99,3 | 99,3 | 946 |
| 33 | ILOG | FR | 98,5 | 98,5 | 650 |
| 34 | PSI AG | DE | 97,8 | 116,5 | 1058 |
| 35 | NEMETSCHEK AG | DE | 96,6 | 96,6 | 730 |
| 36 | LMS INTERNATIONAL | BE | 95,0 | 95,0 | 650 |
| 37 | BETA SYSTEMS SOFTWARE AG | DE | 93,7 | 95,6 | 733 |
| 38 | GFI INFORMATIQUE | FR | 92,5[2] | 543,8 | 7 166 |
| 39 | AMAZYS HOLDING AG | CH | 87,2 | 89,0 | 400 |
| 40 | CARTESIS | FR | 86,6 | 86,6 | 587 |
| 41 | INTEGRALIS AG | DE | 85,4 | 87,1 | 400 |
| 42 | FAST<br>FAST SEARCH & TRANSFER ASA | NO | 82,9 | 82,9 | 480 |
| 43 | SOFTM SOFTWARE | DE | 80,6 | 80,6 | 473 |
| 44 | AUTONOMY | UK | 77,3 | 77,3 | 200 |
| 45 | TEAMSYSTEM | IT | 74,0 | 74,0 | 600 |
| 46 | CENIT AG SYSTEMHAUS | DE | 71,9 | 74,3 | 500 |
| 47 | ICT AUTOMATISIERING N,V | NL | 69,1 | 69,1 | 779 |
| 48 | AVANQUEST SOFTWARE | FR | 68,6 | 70,6 | 384 |
| 49 | ALDATA SOLUTION | FI | 68,4 | 76,0 | 580 |
| 50 | INTERSHOP COMMUNICATIONS AG | DE | 65,0 | 70,0 | 230 |

Truffle 100

1 Estimation IDC
2 Estimation CXP
* CA 2004

| Rank | Company | HQ | Revenues 2005 from Software activity | Total Revenues 2005 | Total Headcount 2005 |
|---|---|---|---|---|---|
| 51 | F-SECURE OYJ | FI | 61,8 | 61,8 | 464 |
| 52 | ESA SOFTWARE | IT | 59,15 | 59,15 | 600(2) |
| 53 | SOLTIM-PROVAL | FR | 57,5 | 57,5 | 425 |
| 54 | TRINTECH GROUP PLC | UK | 55,8 | 55,8 | 300 |
| 55 | IONA TECHNOLOGIES | IE | 53,7 | 66,8 | 340 |
| 56 | TXT E-SOLUTIONS | IT | 52,1 | 54,8 | 550 |
| 57 | FJH AG | DE | 48,5 | 51,1 | 496 |
| 58 | ESI GROUP | FR | 48,5 | 62,2 | 570 |
| 59 | MACRO 4 PLC | UK | 48,4 | 48,4 | 250 |
| 60 | KEWILL SYSTEMS PLC | UK | 46,2 | 46,2 | 655 |
| 61 | LHS AG | DE | 46,1 | 46,8 | 430 |
| 62 | ARTWORK SYSTEMS GROUP N.V. | BE | 43,9 | 46,2 | 255 |
| 63 | READSOFT | SE | 43,2 | 43,2 | 311 |
| 64 | EXPRIVIA S.P.A. | IT | 43,0 | 43,0 | 650 |
| 65 | BASWARE | FI | 42,8 | 42,8 | 395 |
| 66 | UTIMACO SAFEWARE AG | DE | 41,7 | 41,7 | 260 |
| 67 | OTRUM ASA | NO | 41,1 | 43,3 | 100 |
| 68 | UBIZEN NV | BE | 41,0 | 41,8 | 225 |
| 69 | FIDUCIAL INFORMATIQUE | FR | 40,0 | 40,0 | 400 |
| 70 | TEKLA OYJ | FI | 38,0 | 38,0 | 347 |
| 71 | DELCAM PLC | UK | 35,1 | 35,1 | 378 |
| 72 | CCS<br>CENTRO DE CALCULO DE SABADELL | SP | 34,8 | 34,8 | 500 |
| 73 | INFOVISTA | FR | 34,3 | 34,3 | 194 |
| 74 | INAZ | IT | 34,1 | 34,1 | 492 |
| 75 | LINEDATA SERVICES | FR | 33,0* | 119,8 | 860 |
| 76 | CREALOGIX HOLDING AG | CH | 33,0 | 33,0 | 285 |
| 77 | XRT | FR | 32,8 | 43,7 | 401 |
| 78 | CARMEN SYSTEMS AB | SE | 32,0 | 32,0 | 420 |
| 79 | SIRIUS<br>SIRIUS FINANCIAL SOLUTIONS PLC | UK | 31,9 | 31,9 | 275 |
| 80 | GRUPPO FORMULA | IT | 31,5 | 33,2 | 585 |
| 81 | SUPEROFFICE ASA | NO | 31,0 | 31,0 | 205 |
| 82 | VIVEO | FR | 30,2 | 50,6 | 513 |
| 83 | COMINO GROUP PLC | UK | 29,9 | 37,3 | 280 |
| 84 | SOFTWARE INNOVATION ASA | NO | 29,1 | 29,1 | 535 |
| 85 | ORC SOFTWARE AB | SE | 27,9 | 27,9 | 230 |
| 86 | TELECA AB | SE | 27,3 | 327,1 | 3 600 |
| 87 | SAB INGENIERIE INFORMATIQUE | FR | 24,9 | 24,9 | 260 |
| 88 | VIZRT LTD, | NO | 24,5 | 24,5 | 260 |
| 89 | FABASOFT AG | AT | 24,0 | 25,3 | 200 |
| 90 | ORSYP | FR | 24,0 | 24,0 | 176 |
| 91 | CCS<br>CLARITY COMMERCE SOLUTIONS PLC | UK | 23,9 | 23,9 | 210 |
| 92 | NORMAN ASA | NO | 23,0 | 23,0 | 180 |
| 93 | ESKER | FR | 23,0 | 23,0 | 200 |
| 94 | ARES | FR | 22,7 | 483,1 | 1 731 |
| 95 | MISSLER SOFTWARE | FR | 22,5 | 23,0 | 216 |
| 96 | PROHA OYJ | FI | 22,5 | 26,4 | 325 |
| 97 | DATALEX PLC | UK | 21,7 | 22,8 | 215 |
| 98 | INFLUE-ILLICOM | FR | 21,0 | 21,0 | 230 |
| 99 | AXEMBLE | FR | 21,0 | 21,0 | 150 |
| 100 | PORTAIT SOFTWARE PLC | UK | 20,9 | 20,9 | 140 |

# fast growing

- Revenues growth 2005/2004 : **+15,1%**
- Profit growth : **+35%**

# and profitable !

**€ 2.76 billion** aggregated net profits = **13,34** % of revenues

Most profits are concentrated among top vendors.

| | |
|---|---|
| SAP alone accounts for 58 % | |
| The Top 3 : | 73 % |
| Top 5 : | 76 % |
| Top 10 : | 82 % |
| Top 20 : | 90 %! |

The bigger, the more profitable.

Profitability for **Top 3 : 18** % of revenues.

For **Top 10 : 15** %...

# privileged access to capital markets

**83** % of the **Truffle 100** are quoted.

They account for **95** % of revenues

... and **98.5** % of profits.

# on its way to diversification

Over one third of **Truffle 100** companies are **enterprise software** vendors, with national champions among the top 3 in most countries (Germany, Holland, Nordic countries, France, Switzerland, Spain).

Infrastructure software vendors represent another third.

Other main areas are

- Security software : Fsecure, Sophos, Panda, Ubizen, Beta Systems
- Public sector, particularly in the UK (Isoft, Northgate, Anite, Civica)
- Financial software : Mysis, Fidessa (UK), Visma (NO), Simcorp (DK), GL Trade, XRT (FR), Temenos (CH).

**The Truffle 100 is compiled from survey & research conducted by IDC & CXP.**

For the purpose of the Truffle 100 ranking, Europe is defined as: EU + Switzerland + Norway.

A company is defined as a European software vendor if its headquarters and R&D management are based in Europe.

The ranking was made on the basis of data declared by some participants as well as external sources

Information of a confidential nature (e.g. net income), is only presented on an aggregated basis.

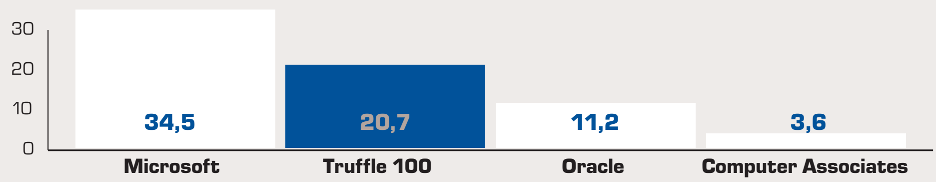
In compiling this ranking, the authors have exercised their best efforts to minimize the risks of errors and omissions inherent to publications of this type.

Surveys and compilation :
Stephane Krawczyk, IDC, 124 bureau de la colline, 92213 Saint Cloud cedex, skrawczyk@idc.com
Catherine Brault, CXP, 12 rue Godot de Mauroy, 75009 Paris, cbrault@lecxp.com

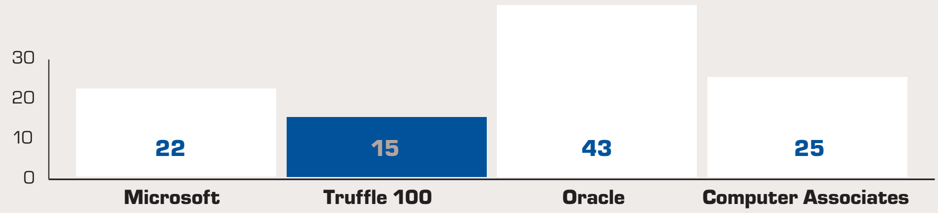
Publication Manager : Bernard-Louis Roques, TRUFFLE VENTURE, 25 rue Marbeuf 75008 Paris, bernie@truffle-venture.com

# a very challenging environment

**Turnover**
in billions of euros
(with 1 euro = 1.2$)



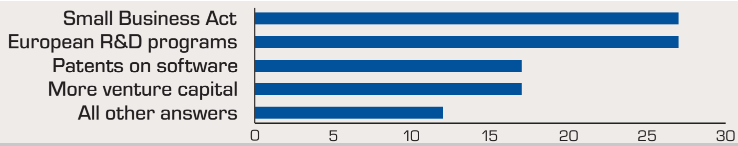

**Growth**
in % in euros
(with 1 euro = 1.2$




**Breakdown**
by level of turnover

| | Software firms quoted on the NASDAQ | Truffle 100 |
|---|---|---|
| 1 billion euros + | 13 | 2 |
| 200 million to 1 billion euros | 120 | 17 |
| 100 to 200 million euros | 198 | 30 |

Question : **"What measures could further enhance the development of European Software companies ?"**
Answer : by Truffle 100 companies



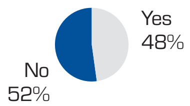

# strong R&D firepower

**Truffle 100** total **R&D headcount > 37 000**

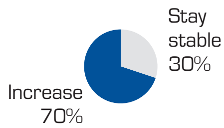
Total **R&D investments € 2,7 bn**

Still very local

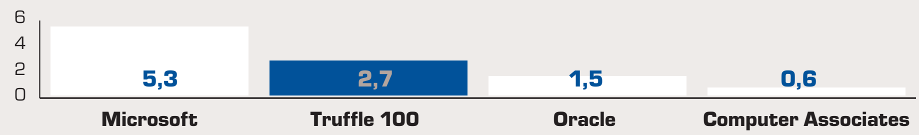
**Do you perform any R&D offshore?**




**Do you expect your R&D investments to...?**




**R&D investments**
in billions of euros
* 1euro = 1.2$




# breakdown by country

| Countries | % of Truffle 100 | # of vendors | % of population* |
|---|---|---|---|
| Germany | 47,2 % | 13 | 17,6 % |
| UK | 20,6 % | 23 | 12,7 % |
| France | 14,7 % | 23 | 12,8 % |
| Nordic countries (SE NO FI & DK) | 5,1 % | 21 | 5,2 % |
| Netherlands | 3,1 % | 3 | 3,5 % |
| Italy | 2,2 % | 7 | 12,3 % |

| Countries | % of Truffle 100 | # of vendors | % of population* |
|---|---|---|---|
| Belgium | 1,4 % | 4 | 2,2 % |
| Switzerland | 1,2 % | 3 | 1,6 % |
| Ireland | 0,3 % | 1 | 0,9 % |
| Spain | 0,2 % | 1 | 9,2 % |
| Austria | 0,1 % | 1 | 1,7 % |

*Total population = UE (25 countries)+ Switzerland + Norway = 469 m

Syntec informatique
www.syntec-informatique.fr

Truffle Venture
www.truffle-venture.com

le CXP
www.cxp.fr

IDC
Analyze the Future
www.idc.com

The Truffle 100 Hit Parade is edited by Truffle Venture