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Sub-Committee on Data Processing

European computer industry

(Rapporteur: Mr. Lloyd)

"The European 'Software' and Service Industry"

Background paper
prepared by Prof. Christopher Layton

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I. General

1. Software (the writing and provision of programmes) is not the only service provided by the computer services industry. The services and devices cover every aspect of computing except the manufacture of the central processors, and include, for example:

- computer leasing
- the selling of computer time
- timesharing
- consultancy
- data banks
- programme libraries
- brokerage in second-hand computers
- brokerage in programmes and packages
- data input preparation, etc.

In this paper the peripherals industry is ignored.

2. The rapid growth of the computer services industry - in the USA the rate is 25% per annum, twice as fast as computer equipment sales (Business Week, 24 May 1969) - provides ample scope for independent services companies; but a large part of the market is served by the services department of the computer manufacturers. Examples are: International Computing Services Ltd. (ICSL), User Programming Service and the recently formed Dataskil of International Computers Ltd. (ICL); Service Bureau Corporation of IBM for timesharing; Control Data Institute of CDC; and General Electric Information Systems (GEIS) of General Electric (GE). This paper does not deal with the services departments of the manufacturers.

3. The largest services companies are in the USA. Some of these are:

	Turnover in computer services only, 1968, million dollars
Leasco Data Processing Equipment Corporation (consolidated)	100.9 (1969)
University Computing Company (UCC)	57
Computer Sciences Corp. (CSC)	53.5
Computer Applications Inc. (CAI)	40
Computing and Software Inc. (C & S Inc.)	35
Planning Research Corp. (PRC)	32

Sources: Financial Times and Moodies

4. The two largest groups in Europe are Leasco and SEMA, with turnovers in Europe of over 25 million dollars each. This figure presumably includes some turnover not related to informatics.

5. The list of European-owned companies (Chapter III) concentrates on Great Britain and France. While this is mainly due to the lack of data concerning the Federal Republic of Germany and Italy, it may also reflect the fact that only Great Britain and France have strong, nationally-owned computer services industries. France seems to be particularly strong in view of two factors: the education system, specially the "grandes écoles" (Polytechnique, Arts et Métiers, Mines, Ponts et Chaussées, etc.) that train engineers with a very strong and wide background in mathematics; and government policy. In 1969 Leasco's bid for 20% of SEMA-Metra's capital was blocked by the government (Le Monde, 21 April 1969). The British policy towards the services industry is as yet not clear. Although the contract for the computer system for London Airport's cargo handling was awarded to ICL in the face of strong competition from Univac and pressure from the United States Embassy (Daily Express, 18 June 1969), the software contract (LACES) went to an American company, Computer Sciences International. Software companies in Great Britain have been complaining about the lack of government support.

II. American companies and subsidiaries in Europe
(alphabetic order of the names of parent companies)
(* denotes important firm)

(1) Boothe Computer Corp., San Francisco, Cal.

Subsidiaries: Boothe Computer GmbH, W. Germany
Boothe Computer AG, Switzerland
Boothe Computer Holding AG, Switzerland
Boothe Computer, Zug AG, Switzerland
Boothe Computer (UK) Ltd., England

* (2) Brandon Applied Systems, New York

Brandon Computer Services Ltd.,
79-80 Blackfriars Road,
London S.E.1

Contact Mr. Dick Brandon, President, who addressed Datadecade in April 1970.

* (3) Computer Sciences Corp., El Segundo, Cal.

One of the largest companies in the United States (see page 2). Developed Cogent 2 for the IBM 360s.

Subsidiaries: Computer Sciences International SA, Belgium, (CSI)
5 Place du Champ de Mars,
Brussels 5.
Computer Sciences International SA,
43 Pall Mall,
London S.W.1

- (4) Computer systems International Inc.,
Monmouth Junction, N.J.
Computer Systems International (GB) Ltd.
- (5) Comress Inc.
Developed SCERT (System and Computer Evaluation and
REview Technique) for buyers of computers, which is
sold in Europe by SEMA under the name of PRESTE.
- * (6) Diebold Group Inc.,
430 Park Ave., NY 22, NY.
 Urwick Diebold Ltd. (Associate Co.),
 St. Andrews House,
 40 Broadway,
 London S.W.1
 Diebold Computer Leasing Ltd., England
 Diebold Computer Leasing SA, Paris
 Alrutil SA, Belgium
 Diebold Europe SA, Belgium
 Diebold Conseil SARL, France
 Diebold France SA
 Diebold Deutschland GmbH
and subsidiaries in Holland, Italy and Spain.
Contact: Mr. Diebold himself.
- * (7) GEIS
GEIS Ltd. (formerly de la Rue-Bull),
114 Southampton Row,
London, W.C.1
- (8) Granite Equipment Leasing Corp., NY
 Granite Leaseservices International Ltd. (UK)
 Granite Leaseservices International GmbH
 Granite Equipment Leasing Corp. International SA,
 Luxembourg.
- * (9) Greyhound Computer Corp.
has taken over Management Dynamics (UK) from Brooke Bond.
 Automatic Data Processing Ltd.
- * (10) Leasco Data Processing Equipment Corp.,
2 Pennsylvania Plaza, NY.
Controls the Inbucon group in Britain, which includes
AIC Management Sciences.

Inbucon Computer Bureaux Ltd.,
Hadley House,
Ealing, London W.5
Leasco Belgium SA
Leasco SA, France
Leasco Europa GmbH
Container Transport International GmbH (CTI)
Leasco Europe Ltd. (UK)
Leasco UK Ltd.

Contact Mr. Saul Steinberg, who has given evidence to the House of Commons Sub-Committee D and has talked to Datadecade.

- * (11) A.D. Little, Acorn Park, Cambridge, Mass., USA
A.D. Little, Berkeley Square House, London W.1
Subsidiaries in Switzerland and Belgium.
Has produced reports on the computer industry in Europe.

- (12) Planning Research Corp., Los Angeles, Cal.
Has taken over H.B. Maynard & Co. Ltd., a British-based management consultant group with subsidiaries in Belgium, Denmark, France, Germany, Italy, Sweden and Switzerland.
H.B. Maynard & Co. Ltd.,
6 Bolton St., London W.1

- * (13) University Computing Company
UCC (GB) Ltd., 344 Euston Road, London N.W.1

III. European-owned companies (and other important organisations)

- * (1) CEGOS, 91 rue Jean-Jaurès, 92 Puteaux, France
Turnover 1969: F 7 million, of which 2.4 in informatics.
Controls, with the Crédit Lyonnais, Tymshare, SLIGA and IDET.
Subsidiaries in Belgium, Italy, Holland and Spain.
- (2) CEIR - has changed name to Scientific Control Systems.
BP was the parent company. Has it been taken over by CDC?
Contact: Mr. R.J. Gornall, Sanderson House, London W.1
- * (3) Centre d'Analyse et de Programmation (CAP),
21 rue Leriche, Paris 15.
Mr. B. Asscher, President.
1968 turnover: 3.5 million dollars.
Subsidiaries in Amsterdam, Brussels, Dusseldorf and Geneva.

- * (4) Computer Analysts and Programmers (CAP - see note under No. 5)
14-15 Great James St., London W.C.1
Contact Mr. d'Agapayeff.
- (5) CAP Europe
CAP France and CAP England have been two distinct and separate companies, ignoring each other's existence until an American company tried to take over one of them. In 1967 the two jointly set up CAP Europe, a holding company.
- (6) Computer Resale Brokers Ltd.,
31 Bishopsgate, London E.C.2.
Subsidiaries in France, Switzerland and USA.
- (7) Computeraid, Laymead, Guildford, Surrey, England.
Contact Mr. Craig-Wood or Mr. Harryman.
- (8) COSBA (Computer Services and Bureaux Association)
Berkeley Square House, London W.1.
- (9) Deutsche Datel GmbH, to be formed this month by
AEG-Telefunken, Siemens, Nixdorf Computer, Olympia
and the Federal Ministry of Posts and Telecommunications.
- * (10) Hoskyns Systems Management Ltd.,
16 Hatton Garden, London E.C.1.
The group includes also J. Hoskyns & Co. Ltd. and
Hoskyns Systems Research Ltd.
Contact: Mr. J. Hoskyns.
- (11) Infotech: a school to teach managers what computers are.
Headed by Mr. Roy Goodman, ex-Brandon manager. Address
not known. Enquire at Financial Times, the technical
page.
- (12) LETI (Laboratoire d'électronique et de technologie de
l'informatique)
Centre d'études Nucléaires de Grenoble, France.
- (13) London University Computing Services (formerly Atlas
Computing Services), 39 Gordon Square, London W.C.1.
Managing Director: Mr. F. Gordon.
- (14) Post Office: National Data Processing Service,
Docos House, 62-82 Commercial Road, London E.1.
Contact Mr. M. Laver or Professor Merriman.
- (15) Promodata, Versailles, France.
Broker in second-hand computers, subsidiary of
Locafrance SA of the Banque d'Indochine group.
Recently set up subsidiary in London: Promodata,
30-38 Hammersmith Broadway, London W.6.
Manager of London operation: Mr. Slocombe.

- *(16) SEMA Metra International,
35 Bd Brune, Paris 14.

Contact Mr. Robert Lattes (author of "Mille milliard de dollars") or Mr. Jacques Lesourne, eminent economist.

The most important European-owned group. Born of a merger between SEMA (Société d'Etudes et de Mathématiques Appliquées) and the Metra consulting group. Principal shareholder: Banque de Paris et des Pays-Bas. More than 2,000 employees. Wrote Ophelia (linear programming) for CDC and has contracts from CDC to develop software.

Subsidiaries include:

SIA (Société d'Informatique Appliquée)

SIA Ltd. London Informatics Centre,
23 Lower Belgrave St., S.W.1

Metra Consulting Group: Paris, London, Brussels and Frankfurt.

- *(17) Systems International

Recently set up by Rolls-Royce together with a number of banks and aiming at the European market. Partners are Midland and Lloyds Banks in the UK and Inter-G in France. Headquarters in Brussels. Headed by Mr. Griffiths and Mr. Danmeyer.

Contact Sir Denning Pearson, Chairman, Rolls-Royce,
Coronation Road, London N.W.10.

- *(18) Systems Programming Ltd.,
33-34 Alfred Place, Tottenham Court Road,
London W.C.1.

Mr. K. Barnes

Addendum:

- *(19) IRIA (Institut de Recherche pour l'Informatique et l'Automation), Domaine de Voluceau,
78 Rocquencourt, France.

The software part of the Plan Calcul, Also works on Datar and planning.

Important users:

(20) Atomic Energy Authority, 11 Charles II St., London S.W.1.

(21) ESRO

(22) Euratom

IV. Final remarks

1. It is difficult to make a list of the computer services companies. This being a relatively new industry, the companies are not listed by the directories and bottins, except in the USA.

2. No official study has been made of the industry in European countries: it is not known how large is the market and how fast it is growing, what the shares of the various companies are, what the profit margins are, etc. It would be worth while asking the questions to the companies.

3. Some of the questions one could ask the companies would be:

(a) How large is the market in Europe? How fast has it grown in the last 5 years and how do you expect it to grow in the next 10 years?

(b) How would you break down the market into its various sectors?

(c) How do you estimate your market share and that of your main competitors, by detailed sector breakdown if possible?

(d) How fast has your company's turnover grown in the last 5 years? How fast do you expect it to grow in the next 5 years? In which fields do you intend to specialise - time-sharing, programmes, leasing, etc.?

(e) Can you say something about your profit performance as compared to the industry?

(e2) Has the lack of external funds been a major handicap? Do you consider that the more progressive attitude of the American stock exchange to be a major factor in the success of the American companies?

(f) Can you say something about the exchange, selling and buying of know-how to other European and American companies?

(g) How do you envisage the future relationship between hardware manufacturers and software companies? Do you expect software societies to become like garages and dealers to the car manufacturers?

(h) Do you expect the Europeans to stand up to the American challenge (i) without further collaboration, and (ii) without further government support?