



**Amrop**

# Amrop Interview

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Technology &  
Communications

Martin Kohút:

**Change is the  
only certainty**

With CEO and Chairman  
of the Board  
of NESS Slovensko about  
IT market in Slovakia, his  
personal experience,  
trends and visions



**Martin Kohút, CEO and Chairman of the Board of NESS Slovensko:**

## **Change is the only certainty**

He started with information technologies as a student of the Technical University in Košice and at the very beginning he worked with a blowlamp, tried programming as well as sales. Shortly after he together with his friends established a small, almost family firm Axon Pro and from selling hardware and software he moved step by step to the providing of IT services. Later he moved from Košice to Bratislava and became Sales Manager in Delta E. S., a company that was bought in 2005 by U. S. IT Company Ness Technologies (employing 7,000 people in 20 countries; in 2010 netting profit of USD 571.8 Mio). He is faithful to the brand Ness till today. Martin Kohút, CEO and Chairman of the Board of NESS Slovensko discussed the IT market in Slovakia, his personal experience, trends and visions with Mario Fondati, Partner and Technology & Communications Practice Group Leader at the consulting company Amrop Slovakia.





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Martin Kohút

**Amrop: What is the current situation on the international market? How would you describe its development over the last three years? How closely the situation in Slovakia follows it?**

**Martin Kohút:** I will start with your last question. The Slovak market is more or less standard market; however, it is necessary to distinguish between the sector of small and medium enterprises and public sector. The former one works according to standard rules, although in some areas it still lags behind the actual trends in Western Europe or USA. The business with large state enterprises and organizations in public sector is to a huge extent negatively influenced by European funds coming to Slovakia, but your question was not focused on this topic... Regarding the development over the past three years, the determining factor is the crisis which started in 2008 and has influenced everything. The private enterprises began to behave more economically than public sector. They were the first to start with cost savings and thinking over any investments. The outcome of this approach is that for any particular projects the ways and amount of savings of the offered solution is most important – progress and innovation is unimportant, main focus is on savings and cost-cutting. The public sector, although declaring it, has not started with this approach yet. They still have a relatively large amount of money and focus more on the execution and finishing of the projects, and they struggle even with this. However, I expect that what happened in the private sector in 2008, will be reflected also in the public sector during 2012.

**Amrop: What impact has had all of these on the information technology sector?**

**Martin Kohút:** IT companies responded to the changes immediately, but again it has to be distinguished between commercial and public sectors. They have set up one business model for private sector and another one for public sector. In the first case it is about maximal adjustment to the different requirements and targets as well as about elaborating specific business case; in the second one it is mainly about preparation for participation in public tenders where it is necessary to meet many conditions, if the company wants successfully to bid for projects worth of several million euro.

**Amrop: You mentioned that in Slovakia in some areas we still try to catch the trends typical for Western Europe and USA. Can you describe some of them?**

**Martin Kohút:** For example, assessing the services provided by the public sector electronically, we are one of the least developed countries within Europe. In the European Commission ranking we are among the last third of EU members. The world around is changing rapidly and the companies need to be inventive and creative. Even in IT it is true that only those that can come up with new and innovative solutions will be successful; those that stick with the old ways and methods will stagnate. Another characteristic point currently is consolidation – large companies buy smaller progressive businesses in order to add them to their portfolio. Several formerly software companies has become general providers. They add such areas to their portfolio which they do not cover or cover just on lower level, or they completely sell certain areas – usually those that are not profitable. Since the highest margin can be achieved in services and software, there comes the time for consolidation and finding out how to get to services with high added value.

**Amrop: What projects are the core ones in the IT sector in Slovakia?**

**Martin Kohút:** Slovakia has become a country of call centres and outsourcing centres. Large companies move over here supporting functions because our people are competitive to in terms of knowledge and language skills. Our experts quickly adapted to new technologies and learn them much faster than people in the West. We can compete with the knowledge and culture, while the price is still our competitive advantage. But it is only temporary because in a couple of years this support will be moved further. The investments into science, research and development of new products and services should become much more interesting and more valuable to us.

**Amrop: How do you see development in the future? We ask knowing that planning is currently not easy...**

**Martin Kohút:** In contrary to other countries where outsourcing of many IT activities is relatively advanced, there are not really more than ten large outsourcing projects in Slovakia. I think this is the way which will be followed in the future – the companies will increasingly outsource supporting activities. Even the state will be forced to outsource some activities and processes to private companies. There will be no other way if the companies will want to focus primarily on what generates profits and not on what costs them money and time. I think it is a question of the next two-three years. This will happen

despite the fact that outsourcing is not always cheaper. Most of these solutions are more expensive but it is a service of higher quality and the company that outsources does not have to divert attention from his main activities – the development of new products and services.

## HUMAN CAPITAL



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**Amrop: How is the situation in human capital affected by the facts just mentioned? During the business boom in 2007 and 2008 it was true that demand was much higher than offer of high-quality IT professionals. How is the situation today?**

**Martin Kohút:** When customers began to require the solutions where the most important point were cost savings, the companies needed to have people who understand a given processes. For IT companies this meant a fundamental change – if they want to offer any solution, they have to know the business environment of potential clients. They were employing technologists and product managers of their own products but not people who understand the business of their customers. The solution to this has been a number of people moving from the customers to IT companies. Such experts have high added value on the labour market, however, there are not many. The customer has no time to think where the problem is – the contractor has to come and say: I know what your problem is and this is the solution... So it is essential to have people who can see the weak spots, set up solution, sell and deliver it – and do the best job at minimum cost.

**Amrop: How it affects the human resource management? What are the challenges HR managers have to face?**

**Martin Kohút:** In addition to a range of other tasks HR Manager has to set up a system of continuous education. It is not enough to get "the brains" to the company – it is necessary to achieve that all functions work according to one single methodology. In our company we use so-called agile methodology (Ness Adaptive Agile) which leads to shorter development cycle and increased overall quality of our products.

**Amrop: Do IT companies use external consultants to deal with personnel issues?**

**Martin Kohút:** In the search for new people in our view it is important to assess the so-called "chemistry", or in other words culture of a potential employee. It has proved many times that an employee who joined our firm based on recommendation of an existing employee identified himself with our corporate culture sooner. Therefore when searching for new people we use the referrals coming out of our teams, but of course it is important to get also an independent external view – for example in terms of references, experience, or even a psychological assessment of the applicant. Therefore an effective solution may be a combination of this approach with an independent external view – for example the reference check etc.

**Amrop: What is the situation at the top management level and at highly specialized positions? What type of professionals and managers will move IT sector in the future?**

**Martin Kohút:** Even successful companies and their managers have to be prepared for a development expected in upcoming months. Shareholders and the senior management push to streamline all operations – simply, it necessary to do the same things and even more, but with fewer people. This requirement however is not completely new, and it is quite difficult to explain when you made something more efficient one or two years ago that it is not easy to do so again. However, it has to be done, as the pressure of the owners is quite strong. The executives have to be also prepared that higher budget will have to be allocated to sales and marketing, because here comes a time to grab new market opportunities.

NESS SLOVENSKO



**Amrop: Why Ness Technologies decided in 2005 to invest in Slovakia? What have been this company looking for and what it found here?**

**Martin Kohút:** Almost all NESS Slovensko is built on the base of Delta E. S., which was established in 1991 and in the time of acquisition it employed more than a hundred

people, while Ness at that time in Slovakia was employing about ten people. If I exaggerate a bit, it was as if NESS Slovensko was incorporated into Delta and Delta management became management of NESS Slovensko. Delta was a local family business focused on development of information technologies – its customers were large energy and leasing companies, and it much dominated in these two market segments. Ness Technologies following the acquisition in 2005 brought the third main area – building of software development centre in Košice and international experience from projects in public sector. Ness was a strong player in the public sector already and was looking for a suitable partner to strengthen this position and also cover other parts of market.

**Amrop: What is the most important quality for delivering IT services and solutions?**

**Martin Kohút:** Our philosophy is that we are present in tenders and sectors where we have expertise to offer. Often used approach according to motto “we are experts in every area” will gradually disappear, because no one knows everything and cannot be good in everything. The companies that are not the best in a particular segment of services will have to leave that particular market. If they will work only for a small margin, they will not have the sources for innovation and added value for example in the form of special service. It is only a matter of time when these providers will have to leave that business. As for us, we want to be present only in areas where we are able to develop our skills, where we have sufficient knowledge and where we can offer professionals of the highest quality. The development cannot be only organic and especially not during crisis.

**Amrop: What has changed in approach to clients comparing to previous years?**

**Martin Kohút:** Who wants to be successful has a chance for two meetings with a client, and it is better if the first one is already skipped. There are many companies and nobody has time and interest in the detailed market research. They need to know clearly what to do, what is the cost and what will be the benefits. The world is accelerating in all areas and business is no exception. It is inevitable to gain attention of a potential customer – who misses the first ten seconds is out. Today you cannot come to ask what the customer's problem is because he is asked that by everyone else. It is necessary to speak his language and get his attention. To come up with a solution that



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incorporates all details is not easy at all. It is not possible without precise preparation. Today it is necessary to have knowledge and experienced professionals.

**Amrop: Are still the decision makers in private and public sectors so different in thinking?**

**Martin Kohút:** Any generalization would be inappropriate; you can find people in public sector who could successfully work in the private sector and the other way around. However, if we want to talk about some differences, the first point is that their remuneration for their work is very different. Not even public sector can operate without quality people. I see as the only way forward for public sector to switch as well to evaluation based on performance. This means for example to plan extra money in the project budget that will be paid to the team after successful project completion. During four years a team in public sector changes several times – the final bonus could be a good motivation factor – the people would be motivated to go extra mile, they would be trained, they would not be tempted to leave and they would not see their mission that in a year they may no longer be there.

**Amrop: How are you satisfied with the human capital available in NESS Slovensko? What kind of people represents your company – can we talk about ideal profile of your employee?**

**Martin Kohút:** For me it is important that people in our company can live and work with others; we do not need individualistic people working alone. They have to understand that communication is not just about speaking but listening as well. We need to ensure that “chemistry” works. The time we live in puts big pressure on results and figures. And it will be that way even more. Those who will not perform will have to leave, even if they were one of the best before. It will be tolerated to survive thanks to previous results just two-three months, after that no one will be interested to know that you were good. This approach leads to increased stress and nervousness, but everyone has to learn to live with it. My motto is: The only certainty is that there will be a change. Although you may not know whether it will be positive or negative, something will definitely change. One has to be ready for that and take it as a natural part of life.

**Amrop: What was the major challenge when you were deciding to accept the offer to hold your current position?**

**Martin Kohút:** The first thing was that after the acquisition of the company I had to stay for some time here, it was one of the terms of the agreement. Apart from that it was important for me as a local manager that I could meet and work with people that perceive the world around us differently and have direct experience with global business. This is the main reason why I stayed, and why I am still here. Money and other benefits are no longer the main motivators, now it is mainly about how the company will go further – the current plans speak about a multiple growth, and if it goes this way, it makes sense to me.



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