



Insight:

“German graduates need to focus a lot more on commercial success”

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Insight: Ulrich Dietz, CEO of GFT Technologies, on inflexible IT staff and the urgent need for constant innovation

Ulrich Dietz, founder and CEO of the IT service provider GFT, signed the paperwork in the pizzeria with lightning speed. The business model for a “Senior Business Company”, in which retired people auction off things customers attics on the Internet. Even on holiday, the graduate engineer is always thinking up new business models. In our interview, Dietz explains why the constant quest for innovation is so important.

VDI News: *Mr. Dietz, in May you opened a new branch in Bonn and you say that you're looking for more staff. Is it so difficult to find good computer engineers?*

Dietz: It is always a challenge to find good staff. But I think it won't be quite so difficult in Bonn. We've had some excellent applications from employees in the telecommunications sector. These people believe that we offer good opportunities for the future, and in return we engage experienced specialists.

Nowadays, an IT specialist has tremendous opportunities if he is mentally flexible enough to learn new ideas very fast and physically adaptable enough to work at various sites. From this perspective, the image of German staff in an international comparison is not very good.

VDI News: *In an interview, you are quoted as saying: "The restrictive labour market laws are promoting expansion into new European markets." What particularly bothers you about this?*

Dietz: The IT business is international. That means that we need to sell our products all over the world and at the same time employ staff – and highly-qualified ones at that – from all over the globe.

VDI News: *Does that mean that you want to outsource more jobs abroad?*

Dietz: I wouldn't call it outsourcing. We believe it is important to develop GFT in a way that we seize our opportunities. We will grow both in our international offices and here in Germany. At all sites, we're looking for highly-qualified, well-motivated staff. In one sense, jobs are created where our customers are. In Brazil, for example, we're establishing a development facility because several of our business partners are based there.

However, we could grow even more in Germany. Here, we're particularly on the lookout for software architects and experienced project managers who are also able to head up international projects. Of course, these people may also come from other countries. The legal framework conditions, however, require that these specialists must be allowed to work here legally and even perhaps remain in Germany.

VDI News: *How strongly do you feel about Germany being a business location for IT?*

Dietz: For GFT, Germany remains our largest market. And as a German citizen, I would also like to see Germany to play an increased role as IT location. Germany is a nation of engineers, per se. I've lived abroad a few times, and I'm always delighted when I come back and see just how everything functions here, how well our engineering training works. However, graduates of German universities need to think a lot more about business and about success. Here, we've got a lot of catching up to do compared to graduates from the USA, India or even France.

VDI News: *You announced that, by 2011, you wanted to almost double sales of GFT AG to € 350 million. Has the corporate crisis of 2001/2002 been completely overcome?*

Dietz: Yes. After we bought emagine, a subsidiary of Deutsche Bank, in 2001, we moved directly into a very serious banking recession. Our business suffered severely from this; GFT AG slipped for the first time in years into the red.

Despite all the negative developments, however, there was something positive: We were able to closely scrutinise our business model, what we did, in fact. As a result, we distanced ourselves from areas that did not quite fit with our vision. We sold the organisation of AGMs to Computershare, while GFT Media was sold to Pixelpark. And we've moved the majority of our purely developmental capacities to our development centres, based particularly in Spain. This move enabled us to significantly improve our cost structure. Today, we're able to implement projects of almost any scale, especially in the banking sector, because we are able to balance our activities out very evenly over our various sites.

VDI News: *What can we expect of GFT's second field of activity, resourcing?*

Dietz: Resourcing means that we are recruiting and managing freelance IT specialists. This takes place in two ways. Either we obtain freelancers for customers who need specialists, or we manage freelance staff for large companies. Such companies often employ several hundred freelancers. These people are all consolidated under our subsidiary, emagine. The customer then has just one contract partner and receives just one invoice.

VDI News: *According to your annual report, resourcing is growing particularly dynamically...*

Dietz: ...that's partly because we made an acquisition over the course of the last year. But the business is growing overall also because many companies do not have enough of their own people, or are unable to employ the people they'd like to have on board. What's more, technology is advancing so rapidly that a lot of companies are not keen to give IT staff permanent contracts at all. That's because, in five years' time, they may not be able to employ the people they need now.

VDI News: *How are you looking to grow further?*

Dietz: We will be stepping up our activities in the services sector in Switzerland and England. That's why we're currently looking around for companies that suit our plans. We will be establishing resourcing in other countries, in an organic way, however – i.e. without any acquisitions.

VDI News: *Which industry do you believe holds the greatest potential?*

Dietz: We anticipate considerable growth in the banking sector over the next three years.

VDI News: *Why?*

Dietz: During the 2001/2002 banking recession, numerous investment projects worldwide were shelved. This investment backlog now needs to be released. The online markets in other countries are not as developed as the market in Germany. In Eastern Europe, numerous banks first have to be brought up to the current level of modern technology. The same goes for South America. And in central Europe, new applications are needed in asset management. There is thus a whole raft of business available out there.

VDI News: *The majority of your staff is based in Spain. Central and Eastern Europe are the areas with the greatest customer potential. How does that all fit together?*

Dietz: First of all, we have to ensure that we don't have too many development sites. If we assist a client in Moscow, for example, we can have our banking specialists in Germany and Spain develop the IT tools. We would then transfer project management and programming to a Russian partner. In this way, we've also started in Brazil. And it worked out really well.

VDI News: *So what's happening at which site?*

Dietz: In India, we're mainly carrying out development for our own software sector and tests for our customers. In Spain, we're primarily developing banking applications. In Germany, we're focusing on customer-specific applications and IT architecture.

VDI News: *Your annual report also mentions logistics as a target industry...*

Dietz: In the logistics sector, we mainly work for postal organisations from all over the world. But of course, there is actually just one potential client in almost every country.

VDI News: *So that can never be the sales driver...*

Dietz: On the contrary. The market for postal services maybe a niche, but it's a very large one. We moved into this niche because it's a field we're particularly strong in. "Big enough to deliver, small enough to care – big enough to handle projects perfectly yet small enough to always give the customer that personal touch". That's our motto. We are and remain a SME-sector, stock market-listed, family-run company. That's what makes us unique in our industry.

VDI News: *Where does GFT get its ideas for new products, solutions and applications?*

Dietz: Our ideas generally arise from the projects our staff is working on. We also have a Group Technology Office, which focuses solely on coming up with completely new ideas and trying out technologies. These ideas are discussed and condensed – and then we take a look at what's left of it. It's important that the company remains in a constant state of flux.

VDI News: *What happened to your own ideas? In the Süddeutsche Zeitung, you mentioned that the idea of Internet auctions really interests you.*

Dietz: The Internet has a very central role to play in our ongoing innovation process. The future belongs to on-demand solutions, where the Internet is virtually the computer. Take document archiving, for example: This continues to be a very important subject. You could well imagine companies storing their archives in a central location and accessing them via online platforms. The convergence of media – i.e. telephone, Internet, TV – is another area of interest. The diversity of upcoming opportunities is absolutely fascinating for engineers like myself. All that's needed is the creativity to consider what useful applications can be created from these, and how money can be earned from them.

About Ulrich Dietz

...founded the IT company in 1987. Originally, the 49-year-old learned the trade of mechanical engineer and later studied mechanical engineering and product engineering to graduate level. Dietz changed professional direction and became co-founder of the Information Technology Transfer Centre (TZI) run by the Steinbeis Foundation. The committed entrepreneur's motto is "we constantly need to change". He has always been fascinated by the drive to improve technological applications. Dietz is also a member of the Advisory Council to the Bitkom industry association and the Board of Trustees of the Stuttgart Institute of Management and Technology. In 2005, Dietz, along with other family entrepreneurs, supported Angela Merkel's election campaign.