

HETZNER AFRICA



THE BUSINESS

Hetzner Africa was established in 1999, as a sister company to the German corporate web-hosting company Hetzner Online AG. The Nuremberg-based Hetzner Online AG, which had its origins in a venture by founder Martin Hetzner reselling web-hosting packages from the United States from his student flat, was founded in 1996 and rapidly established itself in the German market.

Hetzner Africa is a specialist web-hosting provider offering competitive shared and dedicated hosting solutions and domain registrations. As one of the first companies to market the web-hosting concept in South Africa, Hetzner Africa has been able to play a key role in developing the market. From the outset Hetzner Africa adopted an aggressive pricing structure, which enabled it to build volume, giving it a competitive advantage in an emerging market.

Hetzner Africa's key market is small, medium and micro sized enterprises (SMMEs), with the greatest demand coming from the Gauteng area, followed by Cape Town, Durban and Port Elizabeth. The company has also acquired clients in Namibia, Botswana, Mozambique and Zimbabwe, as well as in the United States and United Kingdom, which currently account for approximately 1% of business.

In the future Hetzner Africa plans to expand its international client base within the English-speaking countries of the world.

SCORECARD

Flexibility and Innovation	★★★★★
Growth markets	★★★★★
Quality of management	★★★★
International orientation	★★★
Human resource priorities	★★★★★

Scoring analysis

FLEXIBILITY AND INNOVATION As a service-oriented business, innovative solutions are essential for Hetzner Africa to maintain market share within existing markets and to expand into new ones.

GROWTH MARKETS Hetzner Africa has focused primarily on shared hosting and, following trends internationally, is expanding the dedicated hosting business.

QUALITY OF MANAGEMENT Management is driven by a strong vision and the belief in traditional business principles, governed by high professional standards.

INTERNATIONAL ORIENTATION Having concentrated on establishing itself within the South African market, Hetzner Africa is poised to expand into the international market.

HUMAN RESOURCE PRIORITIES Hetzner Africa regards its staff as its most valuable asset and places emphasis on personal development and growth within the company.

Biggest plus

The web-hosting business is highly specialised and Hetzner Africa has opted to remain focused on this core business, while there is prospect for strong growth in the future.

Biggest minus

The shortage of people with the right skills and experience represents the biggest constraint on Hetzner Africa's growth and while the company has taken a proactive approach to securing staff, the challenge is to maintain development.

Key figures

Hetzner Africa is a private company and is not required to prepare a published report. There are 30 full-time staff members.

The people

Hetzner Africa has grown out of a family owned entrepreneurial business, with Hetzner Online AG maintaining a shareholding interest in the company.

Hans Wencke is at the helm of Hetzner Africa and is responsible for the company's continued growth and success, overseeing day-to-day policy and management issues. Wencke is a trained human resources specialist (B.Tech – Cape Technikon) and had worked in human resource administration and recruitment before establishing Hetzner Africa.

Sandra Nortjé began working at Hetzner Africa as a contracted bookkeeper during its first year of operation. Her role subsequently expanded to that of financial officer and recently has grown to encompass the role of operations manager.

Strategy and management

'We believe that service bridges the gap between demand and supply and have therefore ensured that service is the heartbeat of our company,' says Wencke.

'We must be available to offer clients efficient and timeous service that leaves them feeling empowered and satisfied.

'We have adopted an uncompromising focus on the core business of web hosting. This business requires very particular skills and diverting from it would dilute our ability to move forward and to provide our clients with the exceptional service we have become known for.' Hetzner Africa's management style also seeks to be service-oriented and leads by example, rather than being autocratic. Frequent discussions are held with staff regarding their job functions with clear policies in place to enable decision-making at all levels of the company.

Operations and marketing

Hetzner Africa services its clients locally and internationally from its head office in Durbanville. The data centre is located in Newlands, adjacent to its upstream provider UUNET. Over the past five years, server up time has exceeded 99,9% including planned maintenance. 'A year into the business, we decided to set up our own infrastructure in order to attain greater flexibility, control and a better quality of service,' comments Wencke, adding that components are comprehensively tested before installation, with no compromise on quality.

This is particularly important, he notes, as reliability of service is a key driver of the local market. Hetzner Africa has built a strong presence in South Africa focusing on reliable products and customer service.

Human resources

'I would describe the staff as client- and operation-focused, with a high level of commitment,' says Wencke. 'As I personally dislike disorder, we aim for a clean working environment with the staff working together effectively as a team.'

Hetzner Africa has developed a relationship with the Cape Peninsula University of Technology (formerly Cape Technikon) and each year takes on one or more students for six-month work experience, several of whom go on to join the company. The company has also been invited to give input into the University's IT curriculum.

Black Economic Empowerment (BEE) is taking place at the recruitment level and Hetzner Africa is committed to employment equity within its recruitment strategy.

'We support the government's BEE policies, understanding that all companies are different,' adds Wencke.

Social contribution

Hetzner Africa regularly donates a sizable portion of its profits to a private educational trust, which was established to assist underprivileged children through education.

In addition Hetzner Africa frequently sponsors web presence for selected projects, the most recent being a relief fund for the tsunami disaster of 26 December 2004.

Going global

To date Hetzner Africa has focused its marketing activities within South Africa, with clients that operate in other countries hearing about the company's services via word of mouth. However the intention is to expand the client base internationally. Hetzner Africa is working towards a model whereby it can establish a web-hosting business in any country within three weeks. Wencke notes that while the company would like to establish a strong presence in Africa, the continent is not yet ready – markets are small, the technical infrastructure is underdeveloped in many of the countries and there is a diversity of regulations on ways of doing business.

Accordingly the main focus is the United States market, and 'enquiries have been initiated and are being pursued'.

The future

Hetzner Africa intends to expand its dedicated hosting business and to this end is establishing a data centre in Johannesburg, close to the majority of its clients.

'Traditionally shared hosting has been the cash cow of the company but there is huge potential for dedicated hosting options, provided the client is in close proximity to the server,' says Wencke. He adds that this follows the trend that has been experienced in Germany by Hetzner Online AG, which now focuses almost entirely on dedicated hosting. 'We feel we have the technical skill and capacity to broaden this market locally,' says Wencke.

'We believe there is enormous potential with the best yet to come,' adds Wencke. 'However, we don't want to underestimate our growth and success. With growth comes necessary change and we are busy improving on our systems and structures to ensure that the business can sustain the expected growth.'

Indicative of its growth potential, Hetzner Africa was previously named one of South Africa's top 300 high-growth companies for 2004.

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BIGGEST PLUS

'Hetzner Africa is a young, vibrant company that is really going places. There is always something new happening. I started in sales and administration support and I am now responsible for co-ordination and training in the help centre, in order to ensure that it runs smoothly and at its optimum. We have a huge volume of calls and the challenge is to maintain and improve on service levels. The spin-offs for me are job security, a high level of morale among staff and the feeling of contributing to and being part of success. There is also room for movement in the company.'

MARYANNE SMITH HELP DESK MANAGER

'I was impressed from the outset with the ethics of the company and its customer focus. I was also impressed with the appearance of calm on the floor. I have been used to a lot of "firefighting" but here we are busy and in control. We are given space to develop and grow. The challenge is to have good systems at our fingertips and to provide the right systems for our clients – in short to keep everyone happy!'

STEVEN SCHMUTZ SENIOR SYSTEMS DEVELOPER