

Tomaz Koštial on DHH Slovenia performance in Q1 2020: “The number of orders increased for new services.”

Milan, 12 May 2020. While the Slovenian government seems to be loosening up the restrictions that were put in place in regards to COVID-19 back at the beginning of March, the global economy is still standing on shaky ground. Countries all across the globe are putting together plans for a gradual return to day-to-day business, with social distancing measures being the critical factor in deciding on the procedures.

We spoke with Tomaz Koštial, the CEO of DHH Slovenia, one of the web hosting providers in the country – it seems that the coronavirus situation had positive effects on the course of the businesses in the web hosting industry. Tomaz told us a bit about his plans for the future and what we might expect as consequences of this pandemic in regards to the sector.

How did DHH Slovenia perform during the last three months?

Tomaz Koštial: “Actually, we were very busy during the first quarter. As you might remember, we acquired the hosting provider Si-Shell in December. A lot of work was to be expected because the clients had to adapt to a new system in the client area.

We thought that we would perhaps get one or two agents from the previous company to join us, but, in the end, they decided against it. There were and still are a lot of clients that had individual agreements and some history that we are not familiar with, and it takes longer to service them. In that regard, I think it is getting better now, but it has been very stressful for three months.”

Did the new COVID-19 pandemic have any effect on the performance of DHH Slovenia? What do you think is the long-term impact of this virus on the web-hosting industry?

Tomaz Koštial: “We started working from home on March 11th - that was five days before Slovenia actually declared that people need to start working from home and public transport was stopped. From then on, we are basically dealing with trying to give the same level of service to the customers as they were used to before the lockdown. The sheer volume of support has gone up because a lot of people are now at home, and they get new ideas for online businesses and so on.

There was a lot more traffic to the websites of our clients, and there were a lot of requests for increased system resources. All in all, it has had an effect on our business, and it was a positive effect because the number of orders increased, especially at the end of March and through April for new services.

We are still monitoring to see what the final effect of the pandemic will be and it depends on how long it will take before businesses go back to usual operations. We are not just dependent on new orders, but the renewal of existing orders as well. If a lot of businesses go out of business, then we will have a problem - with a slight delay. We have a lot of customers who are small businesses, and if they go under, then we will suffer with them as well. The upside is that we offer the kind of services that are not immediately canceled. Basically, if you cancel your website, what else do you have when the crisis is over?

I definitely think we are in a better situation than pubs or tourism-related businesses because I think they took the hardest hit in the first stages of the pandemic.”

During the last quarter of 2019, DHH Slovenia acquired the customer base of the Si-Shell brand. How did you manage to align all the work processes in regards to this development in Q1 2020?

Tomaž Koštial: “We had some time to prepare for the import of the clients, but still, there were a lot of things that could not be predicted in advance. We are trying to streamline the processes to be the same as for Domovanje and Domenca. There is a difference between the types of customers that come from Si-Shell or Domovanje and Domenca, because Si-Shell had a larger percentage of clients that had VPS servers and dedicated servers because the previous owner was also reselling hardware - mostly used hardware, and so the emphasis for them was to offer dedicated servers.

So, a larger percentage of clients there had perhaps dedicated services as opposed to Domovanje and Domenca, where we mostly catered to smaller clients or at most they had a big VPS server and not dedicated servers. All in all, it was also a learning experience for us. We had several meetings with the clients, and we got to know a different segment of the market.

Just now, we are trying to introduce a new package for system administration of servers, where we want to put all the services that Si-Shell had in some sort of package deal. Si-Shell had numerous clients with individual contracts for maintenance, and everyone had some sort of exception, and we are trying to now create four different levels, where you can pick one, and it is much easier for us to maintain, and it also lets us have a better overview of what type of client that is. I hope this will be received well by Si-Shell clients and that they will see it as a product with a good value for the price.”

Please, let me know if you had the chance to launch new shared hosting packages during the first quarter of 2020, as planned?

Tomaž Koštial: “Shared hosting packages are entry-level services, for example, for hosting one webpage for smaller clients and so on. Dedicated servers and VPS servers, on the other hand, are for the most demanding clients. Mostly online shops and online systems that require a lot of resources and direct contact with system administrators and not just regular support. Perhaps they have their own development team, or they have it

outsourced, and they need to have contact with the system administrators so that is something that is a bit different now and we had to reorganize our support in this aspect.

We tell our clients now that we have three levels of support. Basic level for general support, second level, which is more technically oriented, and third-level is delegated to system administrators that have the highest level of knowledge and have direct access to the servers and can provide the highest level of technical assistance to clients.

We worked on the new web hosting packages a bit. We noticed that WordPress, which is still by far the most popular tool for creating websites, has become more server resource-demanding with the increased usage of page builders which are integrated into WordPress.

Currently, we are testing out an increase in performance for our shared hosting packages. We have added more processor power, more memory to our hosting packages to see what kind of effect it has on our servers and then the plan is to overhaul the offering in May and introduce a renewed line of shared hosting packages. In Q1, we focused mostly on finishing up the overhaul of our VPS business line, which is already published on our websites.

For Si-Shell, I think, the new VPS packages will be published in the next few days, and we are also eyeing a few other web hosting products (for example mail only hosting) for Si-Shell, and we will be adding them to the Si-Shell website in the coming days as well.

We are actually copying over all the stuff that works for Domovanje to Si-Shell and vice versa – copying the things we have learned from Si-Shell to our other brands. It is a sort of merger of good practices from all brands.”

Have you worked on the knowledge base project during the last three months?

Tomaž Košťal: “The knowledge base project is actually a 1st level support project. They have been very busy with the increased support, especially now in COVID-19 season and now we are actually one man down. We were planning to hire one additional agent for the Si-Shell project but decided to wait since there was no one that could actually be used to onboard them or teach them how to do things.

So, the first level team leader decided that they would prefer to be one agent down and pick up when things normalize. Hopefully, this will happen soon, but at the moment, they are very busy. The upside is that things in 2nd level support should be going back to normal in May judging from the trend so far, but regarding the 1st level, we have a job advert published, and we will probably be doing new interviews this week or next week depending on how soon we get some responses from the applicants.”

Please tell me about your plans for the near future?

Tomaž Košťal: “As I mentioned, we are going to carry over all the products that we know are working for our company to Si-Shell and restart our marketing activities. And, as I mentioned before, we are also

introducing new packages for server management – both for VPS servers and dedicated servers. The clients, who do not have the knowledge, can get really powerful servers and leave it up to us to manage them.

We are also planning on making ourselves more known in the circles of online retailers - basically, people who own online webshops. Especially now, with the COVID-19 pandemic, it has become obvious that online webshops will be even more important in the future. If the quarantine restrictions repeat in the fall/winter or in the coming years, it will be crucial to have a backup in the form of an online shop and have your business be able to function online.

I think a lot of people were forced to make purchases online and so, the number of people who have actually completed an online purchase now has really increased. I think the biggest hurdle of all the people who haven't done an online purchase before has now been crossed, so it will be much easier to sell online. We expect this segment to grow - we are already planning some products, which are mostly aimed at webshop owners.”

About DHH S.p.A.

Established in July 2015 and located in Milan, DHH SpA (“DHH”) is a tech-group that provides the “virtual infrastructure” to run websites, apps, e-commerces and software as a service solutions to 100.000+ customers across Southeast Europe (the so-called “Adriatic Sea area”), a geographic area where expected growth rates are higher thanks to current lower digital penetration.

DHH is listed on AIM Italia, a Multilateral Trading Facility regulated by Borsa Italiana and registered as an SME Growth Market.

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