



Criminals give data experts their start

CORPORATE PROFILE KURT

World-leading data recovery company has roots in former austerity, writes Christopher Condon

A Rubik's Cube sits atop a shelf behind Sandor Kurti in his Budapest office, a small tribute to an icon of Hungarian ingenuity.

Mr Kurti may not be nearly as famous as Erno Rubik, but Kurt, the company Mr Kurti and his brother, Janos, founded in 1989, has demonstrated at least as much enterprise.

Set in the leafy hills of Buda – the half of the capital on the Danube's western bank – Kurt has become one of the world's top three companies in the niche business of data recovery.

From bringing crashed servers back to life for banks, to finding evidence of criminal activity on smashed hard drives for the police, Kurt has built an international reputation for

working magic on damaged computer systems.

Today, according to Mr Kurti, the company serves more Fortune 500 companies – “at least 100” – than it has employees (84).

Revenues in 2006 rose 16 per cent to €5.7m. Profits dipped slightly to €880,000 because of costs related to opening subsidiaries in Austria, Germany and Dubai, but that came after profits had tripled from 2004 to 2005. Another subsidiary is planned for the US.

So far, Kurt's expansion has been financed internally, but the need for

privately-owned companies in Hungary were allowed to operate legally for the first time.

And the company's real break came in 1994, when the Nato countries and Japan dropped Cold War era restrictions on technology exports and exchanges with the former Soviet Bloc, which had in effect barred Kurt from serving western clients.

On top of extensive data recovery services, the company has also developed security products designed to help companies prevent problems before they arise.

The terrorist attacks in the US on September 11, 2001, radically shook up the market in which Kurt was operating.

The events elevated the importance of data recovery and security.

But they also prompted Kroll, the US-based corporate security group, to go on a buying spree, snapping up OnTrack, Kurt's biggest competitor, and several European companies that Kurt had used as sales partners.

That set the company back, but Kurt has recovered, expanding particularly quickly in the Middle East, and it now has set its sights on faster growth in the US.

The soon-to-be-launched US subsidiary will bring in a US investor – “quite a famous technology guru” – whose identity Mr Kurti will not reveal.

At home, the Kurti brothers have two goals. One is to complete the creation of a new development centre at Pannon University in Veszprem, west of Budapest.

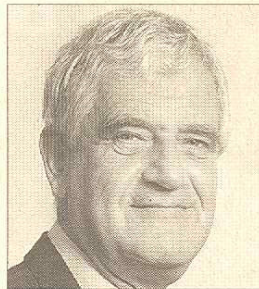
Kurt has already pledged €3m, to be matched by the Hungarian government.

Mr Kurti says that the partners are also hoping for €10m from the EU over the next two years.

The other big goal is an initial public offering.

“To keep growing this quickly, we need to list because the profits will not be enough,” Mr Kurti explains.

He estimates the company is already worth €16m-€20m. That is a lot more than Mr Rubik ever got out of his cube.



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Sandor Kurti

Contributors

Stefan Wagstyl
East Europe Editor

Thomas Escritt
Budapest Correspondent

Kester Eddy
Budapest Contributor

Christopher Condon
Budapest Contributor

Rohit Jaggi
Commissioning Editor

Steven Bird
Designer

Katie Carnie
Picture Editor

For advertising details, contact: **Christoph Gerth** on +44 (0) 20 7873 3761, Fax + 44 (0) 20 7873 3992, email: christoph.gerth@ft.com, or your usual Financial Times representative.

funds will soon outstrip profits, Mr Kurti says. Accordingly, he and his brother are beginning plans to list Kurt on the Budapest stock exchange “in the next two or three years”.

All of this grew out of the resourcefulness required to service computers in Hungary in the 1980s when hard drives were too scarce and expensive to throw away.

Mr Kurti, a chemical engineer and software expert, and his brother, a hardware expert, tapped those skills when they were asked to help solve a problem at the Budapest prosecutor's office in 1989.

A computer had crashed to the floor, damaging a database containing details of criminals.

“We thought, ‘Oh, this could be a business,’” Mr Kurti remembers.

Their start came when