Interview: Vladimir Masar – Chairman, Deloitte Slovakia

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Deloitte Slovakia's Chairman, Vladimir Masar, talks about the transferability of his financial banking experience to the consultancy sector, the country's attractiveness to foreign investment and the current state of its healthcare system.

Given your extensive experience of the public and private sectors, could you tell our global executive readers about your background and the main facets of your role as the Chairman of Deloitte Slovakia?

Deloitte Slovakia is part of a larger organization, Deloitte Central Europe, which spans 17 countries, from the Baltic to the Balkans. My responsibility as Chairman is to oversee activities on the Slovak market. My background is in the banking and financial sectors, predominantly with the Central Bank of Slovakia and the Ministry of Finance. I became the State Secretary for the ministry shortly after the country's independence upon the division of Czechoslovakia.

In July of 1993, I was appointed as the first Governor of the National Bank of Slovakia (NBS) by President Michal Kováč. After the end of my term, I was not allowed to hold management positions in commercial banking so I looked for an opportunity outside the banking sector. Several exciting opportunities presented themselves, one of which was Deloitte, and I have worked here since 2000. My experience as head of a banking institution was directly applicable to my new role.

Slovakia's current presidency of the Council of the EU means that Europe's eyes are turned towards the country. However, with a new, fragile government coalition, these

could be considered uncertain times for foreign investors. How do you assess the current business situation in Slovakia and the degree of attractiveness for foreign investment?

Compared with the other former Eastern bloc economies, Slovakia is one of the most dynamically developing. Looking at parameters such as GDP growth during the 23 years since the country's independence in 1993, we see a success story. Slovakia has all the characteristics of a modern, successful economy. There has been an influx of foreign investments, especially in the automotive industry, and Slovakia is currently the biggest producer of cars per capita in the world. There are tremendous opportunities in the country for foreign investment.

What do you believe to be the strongest fundamentals of the Slovak economy?

The openness of the economy is a strength for Slovakia. Slovakia's automotive industry remains the key growth driver and it is still expanding. Being part of the eurozone helps to make Slovakia a growing economy which is attractive to investors. The stability of the political climate and availability of skilled workers are other advantages of investing in the country. Thus, Slovakia offers a plethora of investment opportunities for both EU a non-EU investors.

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Many of the advantages offered by Slovakia, especially that of a highly educated workforce at low cost, can also be found in surrounding countries such as Czech Republic, Hungary and Poland as a value proposition to attract investment. What are the differentiating factors for Slovakia?

The similarities amongst these economies are inevitable given a shared history and similar development path. These countries also serve as a bridge between previous Eastern bloc economies and western markets. There is a spirit of collaboration amongst these small markets, reflecting a recognition of a shared cultural history and parallel transformation processes over the last 25 years. In the European context, larger economies such as Germany and France recovered shortly after WWII, whereas Slovakia and the surrounding countries began to develop approximately 40 years later. Thus, it is imperative that we acknowledge these common historical threads and continue to grow as a region.

The advantage of Slovakia lies in the automotive industry and its manufacturing competencies. We have a strong supplier network, especially in metallurgy. These competencies have attracted many innovative R&D companies. We have a good supplier infrastructure connected to Slovak car

manufacturers. Nonetheless, there is a discrepancy in the development between Bratislava and other regions in the country. However, these challenges are mitigated by government incentives and special support for investors who invest in these regions.

Deloitte has a strong business unit focused on life sciences and healthcare. What does Deloitte offer in Slovakia and how big a role do the healthcare and life sciences play?

Deloitte offers a diverse range of services that cater to our client base of large-scale corporations. In terms of healthcare and the life sciences, it includes insurance companies and hospitals and top pharmaceutical companies and healthcare public entities. In Slovakia, we realise there is a lot of dissatisfaction with the state of our healthcare system. This challenge presents a tremendous opportunity for a global company like Deloitte, which has a wealth of knowledge in the industry from around the world.

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The global model for Deloitte is to equip each business unit with a team of experts, which is true for Slovakia. Globally, we have a team of over 9,000 experts in over 90 countries dedicated to the Life Sciences and Healthcare. Our Slovak life science and healthcare division boasts a multifaceted team of tax, legal and regulatory experts, and general consultants. It is imperative to have many perspectives and recognize that a framework that benefits the business environment might not be conducive for the regulatory milieu and vice versa. We are also aware of regional differences and we ensure that we also have a specific regional focus.

Deloitte globally is the #1 ranked Life Sciences and Healthcare practice in the world (Kennedy Consulting Research & Advisory). We provide robust, accurate data to clients using sophisticated research. Our goal is to be data and market information providers and to forecast the trends before they happen and provided forecasted information. Deloitte’s vision is not simply to be a service provider, but to also be a strategic partner for our clients using our exclusive industry insights.

The Minister of Health, Tomáš Drucker, has prioritised promoting transparency and reducing wasteful spending across the Slovak healthcare system. Given your expertise in finance, to what extent do you feel that these measures are needed and what do you see as the key areas for improvement in the current healthcare system?

We acknowledge that the public sector, which is the backbone of the healthcare system in Slovakia, has its problems. Therefore, we believe it is of the utmost importance to increase effectiveness by creating greater transparency for the entire value chain from insurance companies

to healthcare providers. We are also looking at healthcare systems in other countries that are comparable to our own to emulate them or utilize them as case studies for improvement.

Reducing ineffective activities is another strategic measure to improve the state of the healthcare system. Designing new, more efficient systems is necessary to improve the Slovak healthcare sector. Though our financial sources are sufficient to fund an adequate high-performing healthcare infrastructure, with resources on a par with other EU countries, the problem is the proper allocation of these finances. Improper allocation could have worse consequences than a lack of funding and measures to combat this include creating strategies for the short, medium and long term. Currently, the focus is on short and medium timeframes, as our healthcare system requires immediate significant improvement.

Another area of concern is quality. As the general population is becoming better informed in today's digitalized age, the demand for better quality healthcare is increasing. Slovak healthcare infrastructure is often not state-of-the-art, and is approximately ten years behind modern economies. Many people have expressed dissatisfaction with the amount spent on healthcare and the quality received. The benefit of being a global company is having the expertise from abroad to build an extensive knowledge base and we need to use this information in the context of the Slovak market.

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Currently, the key issues are reducing waiting times, creating more value for money, and using the proper allocation of funding to the right users.

How is your client profile divided between pharmaceutical players, key regulators and government entities? What are their main requirements?

The bulk of our clients are the top players in the pharmaceutical industry, hospitals and insurance companies. They are not just looking for service providers, but strategic partners for their businesses, to make their daily operations easier. Moreover, with growing convergence in the pharmaceutical industry with other sectors and the government, we see a growing need to provide our services while liaising with the administrative decision makers.

What makes Deloitte the partner of choice?

We are a professional service provider specializing in consulting services. We provide a range of activities from financial advisory service to market forecasting. We have built a good rapport with the public sector and we are well-versed in navigating regulatory environments. We have made healthcare one of our priorities. As Slovakia is part of the EU, our membership puts pressure on improvements in the efficiency of the public sector, including healthcare. The country’s participation in the EU creates a potential for continued stable growth in this community. The forecasts of further growth demonstrate the dynamics of our economy in the next years, which ranks us among the fastest-growing economies in the EU.

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