Brazil as a Global Provider of Software and IT Services

Robert Janssen
December 15, 2008
Agenda

- Brazil and the ROW – Rest of the World
- Brazil and the BRIC Countries
- Brazil’s IT Outsourcing Services & Solutions
- Why Brazil is competitive
- Brazil’s cultural DNA as a competitive advantage
One of our objectives today

Raise everyone’s awareness that there are several Brazilian IT Services and Solutions Providers that are capable to “fit the bill” with great quality, delivery precision and competitive pricing with the addition of a creative prone cultural background that gives you added value in meeting your goals.
Brazil’s and the Rest of the World
Brazil is:

- The 5th largest country in the world in land mass;
- The 5th largest population in the world;
- The 10th largest economy in the world;
- The 4th largest aircraft manufacturer in the world;
- The 5th largest automotive manufacturer in the world;
- The 2nd largest wheat consumer in the world;
- The only helicopter manufacturer in Latin America.
Brazil has:

- The 2nd largest commercial air fleet in the world;
- The 2nd largest private executive jet’s market in the world;
- The 2nd largest agriculture vehicles market in the world;
- The 2nd largest jeans consumer market in the world;
- The 3rd largest market for copying machines in the world;
- The 3rd largest market for TV sets in the world;
- The 3rd largest soft drinks market in the world;
- The 4th largest refrigerators market in the world.
And the consumer may choose from:

- 400 shopping malls;
- 450 different car models;
- 87 different types of tomato sauce;
- 120 different brands of beer;
- 180 different tennis shoes models.
BRAZIL’S World Wide In Country Representation

The most representative multinationals are present in Brazil
Brazil’s and the BRIC Countries
## Brazil and the BRIC Countries

### Economic Development

<table>
<thead>
<tr>
<th>Economic Development</th>
<th>Brazil</th>
<th>Russia</th>
<th>India</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall physical infrastructure</td>
<td>solid nationwide</td>
<td>Underpar</td>
<td>Underpar</td>
<td>Developing</td>
</tr>
<tr>
<td>Technology infrastructure</td>
<td>solid nationwide</td>
<td>Underpar</td>
<td>Only in Tech Parks</td>
<td>Only in Tech Parks</td>
</tr>
<tr>
<td>Multinational presence</td>
<td>All major industries</td>
<td>Underpar</td>
<td>Mostly IT related</td>
<td>Mostly IT related</td>
</tr>
<tr>
<td>Global reach</td>
<td>Maturing</td>
<td>Underpar</td>
<td>Matured</td>
<td>Underpar</td>
</tr>
<tr>
<td>Annual Inflation</td>
<td>4.5%</td>
<td>8%</td>
<td>11%</td>
<td>8%</td>
</tr>
</tbody>
</table>
### Brazil and the BRIC Countries

<table>
<thead>
<tr>
<th></th>
<th>Brazil</th>
<th>Russia</th>
<th>India</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market size</strong></td>
<td>U$ 16.2 bil</td>
<td>U$ 14.3 bil</td>
<td>U$ 13.8 bil</td>
<td>U$ 38.0 bil</td>
</tr>
<tr>
<td><strong>Range of capabilities (mainframe to open source)</strong></td>
<td>Matured</td>
<td>Matured</td>
<td>Developing</td>
<td>Developing</td>
</tr>
<tr>
<td><strong>Financial IT Services Industry</strong></td>
<td>Matured</td>
<td>Underpar</td>
<td>Developing</td>
<td>Underpar</td>
</tr>
<tr>
<td><strong>Business Expertise Skills</strong></td>
<td>Matured</td>
<td>Developing</td>
<td>Developing</td>
<td>Underpar</td>
</tr>
<tr>
<td><strong>Software development quality</strong></td>
<td>Matured</td>
<td>Matured</td>
<td>Matured</td>
<td>Developing</td>
</tr>
</tbody>
</table>
# Brazil and the BRIC Countries

## Geographical facts

<table>
<thead>
<tr>
<th></th>
<th>Brazil</th>
<th>Russia</th>
<th>India</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flying time from New York</td>
<td>São Paulo</td>
<td>Moscow</td>
<td>New Dheli</td>
<td>Beijing</td>
</tr>
<tr>
<td></td>
<td>09 hrs</td>
<td>14 hrs</td>
<td>15 hrs</td>
<td>13 hrs</td>
</tr>
<tr>
<td>Time zone variation</td>
<td>+ 02 hrs</td>
<td>+ 13 hrs’</td>
<td>+ 11 hrs</td>
<td>+ 13 hrs</td>
</tr>
<tr>
<td>Western Cultural Proximity</td>
<td>Matured</td>
<td>Developing</td>
<td>Developing</td>
<td>Under par</td>
</tr>
<tr>
<td>English business language</td>
<td>Matured</td>
<td>Developing</td>
<td>Matured</td>
<td>Under par</td>
</tr>
</tbody>
</table>
Current IT Domestic Spending

IDC Data - 2006

- USA: US$ 439B
- UK: US$ 80B
- China: US$ 38B
- Brazil: US$ 16.2B
- Argentina: US$ 2.5B
- Colombia: US$ 2.1B
- Mexico: US$ 9.2B
- India: US$ 13.5B
- Russia: US$ 14.2B
- Korea: US$ 14.7B
- Japan: US$ 108B

IDC Data - 2006
The Brazilian IT industry has been growing at 10%/yr since 2001 and is expected to grow at approximately 8.3%/yr in the next three years.

The size of Brazilian IT industry was US$ 24 billions in 2007. It ranked the 6th largest in the world.
Brazil and Outsourcing IT Services and Solutions?
Current Outsourcing Scenario

Where outsourcing is going to now?

- Brazil: 13.3%
- Canada: 13.3%
- Chile: 6.7%
- Costa Rica: 0%
- Mexico: 20%
- China: 40%
- Caribbeans: 0%
- Eastern Europe: 27%
- India: 87%
- Rest of Asia: 7%
- China: 40%
- Mexico: 20%
- Caribbeans: 0%
- Costa Rica: 0%
- Chile: 6.7%
- Canada: 13.3%
- Brazil: 13.3%

Survey conducted by Avalon Research with mid size enterprise organizations in the US in behalf of Brazil IT
Current Outsourcing Scenario
Where outsourcing is going to in the FUTURE?

Survey conducted by Avalon Research with mid size enterprise organizations in the US in behalf of Brazil IT.
Latest Outsourcing Trends

What are the critical success factors?

- Political/Economic Alignment: 10.5%
- Cultural Similarity: 15.8%
- Linguistic Similarity: 26.3%
- Geographical Proximity: 44.4%
- Time Zone Proximity: 45.8%
- Supervision and Control: 47.4%

Survey conducted by Avalon Research with mid size enterprise organizations in the US in behalf of Brazil IT
Latest Outsourcing Trends

Reason to diversify outsourcing vendors?

Survey conducted by Avalon Research with mid-size enterprise organizations in the US in behalf of Brazil IT.

- **Specific technical skills**: 59.3%
- **Risk minimization**: 55.6%
- **Cost arbitrage**: 48.1%
- **Scale of operations**: 40.7%
- **Specific knowledge skills**: 37.0%
- **Global delivery model**: 25.9%
Why is Brazil Competitive?
Business Expertise

- Financial Services
- IT Security
- E-Government
- Telecommunications
- Enterprise Applications
- Education & e-Learning
Business Expertise

- Healthcare
- Energy
- Oil & Mining
- Agrobusiness
- Automotive
- Manufacturing
How are Brazilian IT skills perceived by the main world market analysts

- Extremely flexible and adaptable task force
- Good fine tuning with the client
- Creativity, easy acceptance of innovation (young population)
- Good technical abilities
Brazilian Value Proposition

Value Proposition:

– “Commitment and Problem Solving” (Capacity to effectively deliver solutions to resolve problems)

Differentiators:

– Innovation and updated technology
– Specialization
– Pro-activity in creating solutions
– Geographic convenience

Qualification Indicators:

– Competitive costs
Brazil’s DNA Competitive Advantage
Brazil’s Cultural DNA Competitive Advantage

- Flexibility
- Sense of humor
- Affectivity
- Hospitality

Multi-cultural country
Brazil’s Cultural DNA Competitive Advantage

Constant economic instability and changes established a solid DNA for:

- Faster understanding
- Creative solutions
- Efficient process implementations
- Technologically constantly updated
Brazil’s Cultural DNA Competitive Advantage

Major Changing Points in the Last 44 years

64  69  84  85  87  90  92  94  98  01  02  08
Brazil’s Cultural DNA Competitive Advantage

Current global IT environment reflects same conditions with shorter innovation cycles
If you are looking for software solutions and IT services...

...will find in Brazil a source of world class suppliers
Brazil’s Cultural DNA Competitive Advantage
Thank you!

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