

# **INNOVATION INITIATIVES AND CHALLENGES IN BRAZIL IT INDUSTRY**

**FLAVIO GRYNSPAN**

**DIRECTOR OF ANPEI  
DIRECTOR OF CIESP**

# GOVERNMENT INITIATIVES

- IT IS ONE OF THE PRIORITIES OF THE PITCE.
- KEY LEGISLATION FOR INNOVATION IN IT:  
INFORMATICS LAW – 4% NET SALES IN R&D  
INNOVATION LAW–R&D INCOME TAX INCENTIVE
- FUNDING:  
BNDES - PROSOFT – SW COMPANIES  
FINEP – LOANS TO INNOVATION PROJECTS  
SUBVENTION – U\$ 150 MILLION/YEAR  
INOVAR – VENTURE AND SEED CAPITAL
- ATTRACTION OF R&D CENTERS FROM MULTIS
- PROMOTION OF EXPORTS OF SW AND SERVICES
- INCENTIVES TO DIGITAL TV AND DESIGN OF SEMICONDUCTORS

# INNOVATION AND EXPORTS

- **EXPORTS INDUCE THE COMPANY TO COMPETE IN A MORE DEMANDING MARKET AND TO ENHANCE THE PRODUCT/SERVICE TO BE EXPORTED**
- **THE INCENTIVE TO EXPORT CREATES AN INCENTIVE TO INNOVATE.**

**“Inovação, estratégias competitivas e inserção internacional das firmas da indústria brasileira” - Mario Salerno e João Alberto De Negri (ABDI)**

# THE VANILLA ICE CREAM

*" The World is Flat " , Thomas L. Friedman*

**1- A VANILLA ICE CREAM IS EVERYTHING  
OUR COMPETITORS CAN DO AS WELL AS WE DO**

**2- TO MAKE VANILLA ICE CREAM IS TO COMPETE  
FOR THE LOWEST PRICE**

**3-RULE #1 : THERE WILL ALWAYS APPEAR A  
COMPETITOR WHO WILL OFFER VANILLA ICE  
CREAM WITH COSTS LOWER THAN OURS.**



# BRAZIL AND THE INTERNATIONAL ARENA

- **BRAZIL IS A LATECOMER, WITH SMALL EXPERIENCE IN THE WORLD MARKET AND LIMITED INTERNACIONAL REPUTATION**
- **WE ARE MOVING AHEAD, BUT OUR COMPETITORS ARE MOVING FASTER**
- **MAIN COMPETITORS ARE INDIA(SW) AND CHINA( HW)**
- **NEW COUNTRIES WITH LOWER COSTS OFFER**
- **VANILLA ICE CREAM**

# WHAT TO DO ?

- 1- PRODUCTS/SERVICES THAT OUR COMPETITORS CANNOT PRODUCE ( NICHES ?)
- 2- PRODUCTS/SERVICES THAT WE CAN MAKE BETTER THAN OUR COMPETITORS ,BY INCLUDING A SPECIAL QUALITY ( TANGIBLE OR INTANGIBLE)
- 3- TEMPORARILY TAPPING INTO OPPORTUNITIES OUR COMPETITORS CANNOT ABSORB



# **ACTORS IN THE BRAZIL IT INDUSTRY**

- 1- LOCAL BRAZILIAN IT COMPANIES.**
- 2- NEW INNOVATIVE IT COMPANIES FROM  
INCUBATORS**
- 3- SUBSIDIARIES OF GLOBAL IT COMPANIES WITH  
LOCAL R&D CENTERS**
- 4-SUBSIDIARIES OF GLOBAL NON-IT COMPANIES  
WITH LOCAL CAPTIVE CENTERS**

# **INNOVATION CHALLENGES IT SERVICES**

- 1- IMPROVE OUR INTERNATIONAL IMAGE.**
- 2- INCREASE THE SIZE OF LOCAL COMPANIES:  
MERGERS + IPOs + CORPORATE VENTURE FUNDS**
- 3- FOCUS ON VALUE ADDED SERVICES**
- 4- SUPPORT THE SUBSIDIARIES OF GLOBAL  
COMPANIES ( IT AND NON IT)**
- 4- APPROVE NEW LEGISLATION FOR COMPETITIVE  
COSTS**
- 5- SOLVE HUMAN RESOURCES ISSUE: 100.000 NEW  
PARTICIPANTS TO EXPORT U\$ 5 BI BY 2010**



# **INNOVATION CHALLENGES IT PRODUCTS**

- 1- STIMULATE NEW COMPANIES IN NICHE MARKETS**
- 2- CONTINUE TO ATTRACT R&D CENTERS OF GLOBAL COMPANIES**
- 3- INTEGRATE R&D CENTERS OF GLOBAL COMPANIES TO LOCAL INITIATIVES**
- 4- PROMOTE VENTURE ,SEED CAPITAL AND STOCK MARKETS FOR THE NEW ENTERPRISES**
- 4- PROMOTE INTERNATIONAL INSERTION THROUGH SUBSIDIARIES OF GLOBAL COMPANIES**

# THANK YOU

**Flavio Grynszpan – [flavio@longchamp.com.br](mailto:flavio@longchamp.com.br)**