

Brazil's vibrant high-tech industry urged to go global

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Designers create games for mobile devices at Brazilian outsourcing company Ci&T in Campinas, Brazil in September 2012. Boosted by strong government incentives, Brazil's high-tech industry is showing solid domestic growth but experts say the country's startup entrepreneurs must go global and shun copycat solutions.

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The national Web market is booming, [Internet penetration](#) has been doubling over the past four years and consumers are keen to try out new services particularly ahead of the 2014 World Cup and the 2016 Rio [summer Olympics](#), experts say.

More than 83 million of Brazil's 194 million people have access to the Internet, according to the latest data from the pollster Ibope Nielsen Online.

"Information technology alone represents \$112 billion, 4.5 percent of Brazil's GDP and the seventh largest market globally. We had 11 percent growth last year," Sergio Pessoa, an executive of the Brazilian Association of Information Technology and Communication (BRASSCOM), told AFP.

The IT boom is luring a lot of foreign firms to Brazil's 74 tech parks, including the Rio area where oil-related technology is in high demand to tap the huge deep-water [oil reserves](#).

The so-called "pre-salt" reserves off [Rio de Janeiro](#) state could hold more than 100 billion barrels of high-quality recoverable crude and could turn Brazil into one of the world's top exporters, according to authorities.

But Brazil's equivalent to Silicon Valley is located in Campinas, a city of a little over one million people located 60 miles (100 kilometers) north of Sao Paulo.

"The Campinas area can indeed be viewed as a Brazilian Silicon Valley, due to the concentration of high-tech companies, universities, research institutes and tech parks," said Jose Carlos Duarte, [Chief Technology Officer](#) at IBM Brazil.

Leading tech parks are also found in the northern city of Recife as well as in Sao Paulo, Porto Alegre, Curitiba in the south.

Although the domestic market is large and growing, it has a small share of exports.

"Only \$2.65 billion of IT is exported, or 2.3 per cent, so there is huge potential for increasing exports," Pessoa said.

He voiced hope that the \$210 billion Brazilian Information Technology and Communication (ITC) market can vault from fifth to third place in the world by 2022.

That growth is being driven by thousands of startup entrepreneurs around the country.

In Campinas, Kleber Teraoka is president of the local Startups Association, a non-profit alliance of 35 member startups created two years ago to nurture the next generation of entrepreneurs.

"We have weekly meetings to assess prospective member companies which have potential in terms of revenue," the 35-year-old Japanese Brazilian told AFP.



Engineers test an electromagnetic wave from an amplifier inside the anti-echo chamber at Eldorado research institute in Campinas, Brazil in September 2012. Boosted by strong government incentives, Brazil's high-tech industry is showing solid domestic growth but experts say the country's startup entrepreneurs must go global and shun copycat solutions.

"We try to be very selective because we know the business will have to change in order to be successful," he added. "So we are focusing more entrepreneurial behavior and big dreams."

"We try to learn from the experience of [Silicon Valley](#) and apply it to our conditions here," Teraoka said.

Another Association member is Horatio Poblete, the 39-year-old CEO of LedFace, a platform that lets you tap into collective intelligence to solve your day-to-day, subjective problems.

"You ask your questions and we find the right person to answer you," said Poblete. "For big dreams to come true, you need a shift in the mindset here. We have very good intellectual capital but we are not focusing enough on innovation," he said.

Fellow member Reinaldo Bergamaschi is the founder and CEO of Odysci, a firm that develops search solutions and compete with Google.

"Their (Google) customers are much bigger, but there is a (niche) for medium-sized companies that need search solutions and can't pay what IBM charges... but they can pay what we charge," he added.

Pessoa has a piece of advice for Brazilian startups: "Go global and shun

copycat solutions in order to be competitive on foreign markets."

"They have to tackle local challenges and develop solutions that can have a global impact, for instance in health and education," he noted.

"There is definitely a creative DNA in Brazil. We are very flexible and adaptable, probably due to our diversity and (racial) mixing. We have the ability to think laterally, which is quite important for innovation."

But success on the export front will also require improvements to the country's educational system and overcoming the shortage of skilled professionals, experts say.

The ITC sector currently has two million professionals and will need an additional 900,000 until 2022, according to Brasscom.

Other major hurdles include what is known as the "Brazilian cost," the increased operational costs associated with doing business in Brazil—poor infrastructure, high transport and electricity charges, a high tax burden and cumbersome bureaucracy.

"But there is now a clear recognition by the government that information communication technology produces a ripple effect in the economy," said Pessoa.

Authorities are moving aggressively to fix the problems, notably by cutting electricity rates and introducing tax incentives to boost the high-tech industry's productivity and competitiveness.

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